

Fightback

Struggle, Solidarity, Socialism

THE NEO LIBERALISM ISSUE

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Editorial

This, the first issue of Fightback magazine for 2016, is based around the concept of neoliberalism. This is a term bandied about by political activists a lot in recent years – often, it seems, without a clear idea of what it means. Some even deny that it is a real thing, that it is simply "capitalism as usual".

We agree with many Left activists and thinkers that the neoliberal era – beginning in the mid-1970s and still going on – is a decisive shift from previous "articulations" of global capitalism. We use the basic definition that neoliberalism is characterised by privatization, financialization and globalization, and takes the form of, as David Harvey puts it, "accumulation by dispossession" of previously State-owned, community-owned or common assets.

Fightback believes that we need new, radical-left responses to neoliberalism, and this issue is an attempt to get debate going on the wider left on the subject. The major article in this issue – "Against Conservative Leftism" – suggests that the activist Left are generally getting it wrong, trying to turn the clock back instead of looking forward to the future. The

world has changed, irrevocably, since the early 1970s. The old Keynesian welfare states – based on solid borders, expropriation of indigenous peoples, union-capitalist co-operation and State protection of "traditional" family structures – are not coming back, nor should they.

Instead, we argue, it is the new forces thrown up by neoliberal changes – immigrant and refugee populations in our large cities, over-educated but under-employed precarious white-collar workers, feminist, queer and Tino Rangatiranga movements – which are making the boldest challenges to neoliberalism at the moment. We still believe as Marxists that only the activity of the working classes can provide a permanent alternative to capitalism. But the "traditional" working classes represented by the union movement have been battered and decimated by neoliberal changes and will have to work as part of a new popular coalition seeking to transcend neo-liberal globalization rather than reverse it. The activist Left must be listening to these new forces and learning from them, not simply trying to impose the organisational and political methods of the past on them.

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About Fightback

Under our current system, democracy consists of a vote every 3 years. Most of our lives are lived under dictatorship, the dictatorship of bosses and WINZ case managers. Fightback stands for a system in which our workplaces, our schools, our universities are run democratically, for social need rather than private profit.

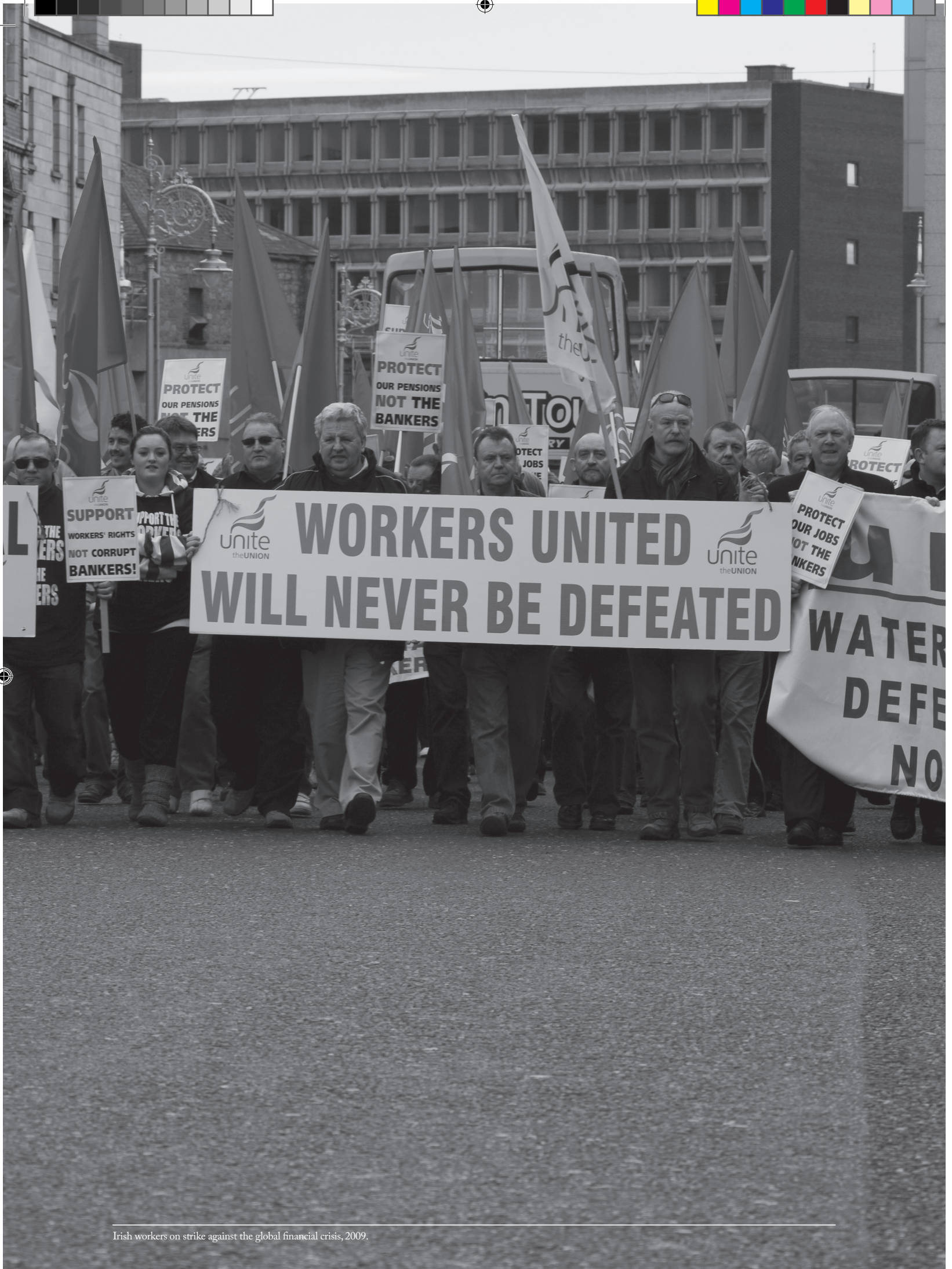
Fightback participates in the MANA Movement, whose stated mission is to bring "rangatiranga to the poor, the powerless and the dispossessed." Capitalism was imposed in Aotearoa through colonisation, and the fight for indigenous self-determination is intimately connected with the fight for an egalitarian society. We also maintain an independent Marxist organisation outside of parliament, to offer a vision of a world beyond the parliamentary capitalist system.

Fightback stands against all forms of oppression. We believe working-class power, the struggle of the majority for self-determination, is the basis for ending all forms of oppression. However, we also recognise that daily inequities such as sexism must be addressed here and now, not just after the revolution.

Fightback is embedded in a range of struggles on the ground; including building a fighting trade union movement, movements for gender and sexual liberation, and anti-racism.

Fightback also publishes a monthly magazine, and a website, to offer a socialist perspective on ongoing struggles.

Fightback stands for struggle, solidarity and socialism.



Irish workers on strike against the global financial crisis, 2009.



Entrenched neoliberalism and workplace organisation

By Ian Anderson (*Fightback Whanganui-a-Tara/Wellington*).
Originally published online April 14, 2015; certain references are therefore out of date.

Towards the end of *Only Their Purpose is Mad*, an account of the neoliberal offensive in Aotearoa/New Zealand, Bruce Jesson describes the effect on communities:

“[Some] freezing works existed for 70 or 80 years. Towns grew up around them, and with them a community and a way of life. Three generations of freezing-workers would do similar jobs, be active in the same union, play in the same rugby league or netball team, go to the same schools, drink in the same pubs and clubs and share the same memories. A community depends on continuity. Suddenly the share market collapses, the company folds, the freezing-works closes and the town turns into a place of shiftless unemployed and go-getting contractors.”

In the last 30 years, communities have been shattered, social contracts broken, workers divided. For those of us under 30, unions are a novel (even unknown) concept, now covering around 10% of the private sector.

Some call this a ‘post-industrial’ period, yet industrial production has expanded globally; capitalists just have more ability to globally shop around for the fastest and cheapest deal. Some call it the decline of the nation state, yet repressive militarist measures keep expanding, finding new technological forms; in Bourdieu’s terms, the “left hand” of the state has retreated while the “right hand” of the state advanced.

The basis of stability has shifted. In the ‘Social Democratic’ heyday from the 1950s to the 1970s, capitalism in the imperialist core was stabilized through a corporatist deal between labour, capital, and the state. Since the neoliberal assault

on organised labour, living standards have come to depend on credit; the housing market, credit cards, growing private debt.

For David Harvey, neoliberalism is a system of renewed “accumulation by dispossession,” through the expansion of financial markets. In Aotearoa/New Zealand the National Party’s supposedly ‘mixed’ policies, including the further privatization of power companies, sale of state housing, and undermining of workplace rights fit this pattern.

UNITE Union General Secretary Mike Treen recently asserted that the current National government is “not a radical neoliberal government.” I would suggest the neoliberal *offensive* (or attack) of the ‘80s and ‘90s largely won, and we are in a period of *entrenchment*. Many of the more brutal attacks of the offensive period – mass redundancies, destruction of unions, slashing of benefits – are no longer necessary. None of the flagship policies of Rogernomics and Ruthanasia have been substantially reversed.

Market intervention to save the finance sector is nothing new, and has occurred where necessary throughout the neoliberal period (the ultra-right dream of stateless capitalism never existed). Yet the 2008 financial crisis rocked the confidence of the international ruling class.

Czech philosopher and socialist Michael Hauser in ‘Europe in a labyrinth and the power of ideas’¹ notes the gap between the rhetoric and reality of class rule in Europe, with neoliberalism collapsing in words but not in practice. A 2008 official document, on recovery in Europe, implied a move to the left:

“The current economic crisis gives another opportunity to show that Europe serves its citizens best when it makes concrete action the touchstone. Europe can make the difference. In difficult times, the temptation is to feel powerless. But Europe is not powerless. The levers

of government, the instruments of the European Union, the influence of intelligent coordination add up to a potent force to arrest the trend towards a deeper recession. A Europe ready to take swift, bold, ambitious and well-targeted action will be a Europe able to put the brakes on the downturn and begin to turn the tide. We sink or swim together. (...) The fundamental principle of this Plan is solidarity and social justice. In times of hardship, our action must be geared to help those most in need. To work to protect jobs through action on social charges.

Yet Europe would soon embark on a violent ‘austerity’ project that reduced government spending without addressing the root of the crisis. In the US, the story has become a cliché; Barack Obama, elected on a platform of “Hope” and “Change” in 2008, failed to deliver much in a first term with a Democratic majority.

Aotearoa/New Zealand was not shocked by the global economic crisis in the same way as the US and Europe. We haven’t seen the extremes of austerity faced by Greece, facing 25% unemployment. However, the long-term trends (declining real wages, retreating social services, declining home ownership and state housing) remain steady. A property bubble continues to grow, which both Forbes and local bankers predict will have to burst. National may make the occasional minor compromise, but of course they show no interest in reversing these trends.

Measures like the Trans Pacific Partnership Agreement (TPPA) seek to further entrench this regime internationally. Because of this institutional entrenchment, we need a political *and* industrial movement, a national *and* international movement more than ever.

Some argue that Aotearoa/New Zealand is facing neo-colonization. It might be more accurate to say that Aotearoa

¹ <https://www.opendemocracy.net/michael-hauser/europe-in-labyrinth-and-material-power-of-ideas>

continues to be colonized by New Zealand, the European nation-state that bloodily imposed capitalism and now asks that the most oppressed simply forget history.

Left nationalist Bruce Jesson contended that New Zealand is a 'Third World nation,' due to "our massive overseas debt, our high degree of foreign ownership and our dependence on primary exports." However, according to measures of *political allegiance* and *living standards*, which are roughly correlated, New Zealand appears near the top of the global pyramid:

- New Zealand consistently ranks with the top 10 countries in the UN Human Development Index, which consists largely of European countries or colonized 'neo-Europes' like the United States and Australia.
- New Zealand is a member of the Organisation for Economic Cooperation and Development (OECD). Formed in 1961 to promote "democracy and the market economy," the OECD is essentially a Cold War bulwark.
- Of OECD countries, NZ's standard of living is about average.
- New Zealand collaborates with the North Atlantic Treaty Organisation (NATO), another Cold War bulwark.

For some left critics, New Zealand's collaboration with US imperialism is unequal, exploitative. This ignores New Zealand's *relatively* high standard of living and cultural affinity with other mainly white, English-speaking countries. The fact that a country with high rates of child poverty sits near the *top* of the global pyramid paints a grim picture of international capitalism. It also shows the importance of international solidarity.

Seeking a way out of this rut, we may learn from international examples. Greece's SYRIZA was recently elected on an anti-austerity platform, and is currently contending with militantly austere Eurozone 'partners.' Stathis Kouvelakis, a leading member of

SYRIZA's Left Platform, contended in a recent Jacobin article that even basic reforms are a challenge for neoliberalism:

"[Neoliberalism] poses an old dilemma in new terms, namely the division between reformists and revolutionaries. Well, reformism requires believing that some progressive reforms are possible – pro-labor reforms, the promotion of welfare, etc. – within the terms of the system.

But in neoliberal capitalism that's not possible anymore. So even to get relatively modest reforms which at other times would have been perfectly compatible with the system's functioning, we need to have major confrontations and conflicts on a large scale. And we've seen as much in Latin America: the countries like Bolivia or Venezuela or Ecuador that have left governments are not socialist, but even this partial break with neoliberalism required lethal struggles: blood was spilt for it to be possible for Evo Morales to be elected."²

This fight for basic reforms does not mean socialists should all fall in behind the Labour Party (SYRIZA emerged as an alternative to the old 'centre-left' party). In a sense, there are no reformist parties left in parliament – although the Greens and Labour certainly have reformist members and supporters. Whereas the early Labour Parties sought a reformist path to socialism, the Fourth Labour Government initiated neoliberal attack in Aotearoa/New Zealand, and the Fifth Labour Government maintained the bulk of these attacks. Even former Green Party co-leader Russell Norman infamously described himself as 'more pro-market' than the Nats. It's no surprise that voter turnout has reached record-low levels (especially among marginalised groups), and it would be dishonest to fall in behind the Labour Party. Socialists may seek *new* representation in parliament, but this can be perverted or defeated without a strong anti-capitalist movement in the community.

Although neoliberalism shut down old frontiers of struggle, like any oppressive system it also opens up new frontiers.

Today the majority of union members are women, and the frontlines of union organisation are in casualised and low wage sectors. Campaigns for a living wage and against zero-hour contracts are gathering public momentum.

Recent years have seen a *defensive* struggle against casualization in established union sectors like meatworks and the public sector, and an *offensive* struggle against casualization in formerly unorganised sectors like service and hospitality³. Members of Fightback and other socialist groups have played a major role in UNITE's fight for job security.

The neoliberal regime polarises hours of work, with many underemployed (working less than 20 hours) and many overemployed (working more than 50). Conflicting and competing schedules do not lend themselves to collective organisation; in fact, that is the aim of a competitive labour market. In light of this instability, socialists assert rights to stability and control. This means a universal basic income, jobs for all who are ready to work, with dignified work and guaranteed hours (say 20 hours a week across sectors).

Slogans calling for 'stability' may seem conservative to some. Here I agree with Ben Watson, a former member of the British SWP, in a reflection on the relationship between mental health and socialism.

If real socialism is campaigning for crèches and demanding rights for mental health users and pushing for bicycle lanes and supporting a local strike, isn't it a little dull and shabby and boring? Well, no, because the delight is how **UTTERLY HORRIFYING** our demands for simple human things is in the eyes of those whose careers depend on realising profits for capital.⁴

² <https://www.jacobinmag.com/2015/04/greece-syriza-euro-austerity/>

³ "Socialist Perspectives for Aotearoa / New Zealand", CWI Aotearoa/New Zealand, <http://socialistvoice.org.nz/2014/02/socialist-perspectives-for-aotearoa-new-zealand/>

⁴ http://www.eleusinianpress.co.uk/?page_id=267



Neoliberalism as the agent of capitalist self-destruction

By Neil Davidson¹

The neoliberal era can be retrospectively identified as beginning with the economic crisis of 1973, or, more precisely, with the strategic response of state managers and employers to that crisis. Previous eras in the history of capitalism have tended to close with the onset of further period of systemic crisis; 1973, for example, saw the end of the era of state capitalism which began in 1929. The neoliberal era, however, has not only survived the crisis which began in 2007, but its characteristic features are, if anything, being further extended and embedded, rather than reversed.

Yet, although neoliberalism has massively increased the wealth of the global capitalist class, has it also restored the health of the system itself? When crisis did return in 2007–8, it simply proved that neoliberalism was no more capable of *permanently* preventing this than any other mode of capitalist regulation.

Neoliberalism does, however, represent a paradox for capitalism. Its relative success as a ruling-class strategy, particularly in weakening the trade union movement and reducing the share of profits going to labour, has helped to disguise that some aspects of this mode of regulation are proving unintentionally detrimental to the system. Serving the interests of the rich is not the same – or at least, not always the same – as serving the interests of capital and may, in certain circumstances, be in contradiction to it. Capitalist states – or more precisely, their managers – have traditionally acted to make such an assessment; but in the developed West at least, neoliberal regimes are increasingly displaying an uncritical adherence to the short-term wishes of particular business interests. This is not the only emergent problem: the increasingly narrow parameters of neoliberal politics, where choice is restricted to ‘social’ rather

than ‘economic’ issues, has encouraged the emergence of far-right parties, usually fixated on questions of migration, which have proved enormously divisive in working-class communities, but whose policies are in other respects by no means in the interests of capital.

How did capitalist states operate before neoliberalism? There are two foundational aspects of capitalism: the ‘horizontal’ competition between capitals and the ‘vertical’ conflict between labour and capital. The role of the capitalist state is to impose a dual social order determined by these two processes: over competing capitals so that market relations do not collapse into ‘the war of all against all’, and over the conflict between capital and labour so that it continues to be resolved in the interest of the former. Beyond this, states also have to establish ‘general conditions of production’, which individual competing capitals would be unwilling or unable to provide, including some basic level of technical infrastructure and welfare. These functions are mainly ‘internal’ to the territory of nation-states, but they must also represent the collective interests of the ‘internal’ capitalist class ‘externally’ in relation to other capitalist states and classes, up to and including the conduct of war.

In order to maintain links to capital in all its multiple incarnations, the state must partly mirror capital’s fragmentation. As this suggests, not every action carried out by the state need necessarily be in the direct collective interest of the ruling class – indeed, if it is to give the appearance of adjudicating between different class and other interests then it is essential that they are not, so long as these actions are ultimately *subordinated* to ruling class interests. Nevertheless, the capitalist state has nevertheless tended not to be run by capitalists themselves.

At the most fundamental level, the common interest between capitalists

and state managers stems from their common class position: both are part of the bourgeoisie. If we visualise the bourgeoisie as a series of concentric circles, then the capitalist class as such (actual owners and controllers of capital) occupies the centre and a series of other layers radiates outwards, with those closer to the periphery being progressively less directly connected to the core economic activities of production, exploitation, and competition, and more involved with those of the ideological, administrative, or technical aspects, which are nevertheless essential to the reproduction of capitalism. The incomes that state managers are paid from state revenues ultimately derive from the total social surplus value produced by the working class, as are the profits, interest, and rent received by different types of private capitalist. And this applies not simply to the source of their income but also to its level, since the relatively high levels of remuneration, security, and prestige enjoyed by these officials depend on the continued exploitation of wage labour. At that level the interests of state managers and capitalists are the same.

These groups have a shared ideological commitment to capitalism, but their particular interests arise from distinct regions of the totality of capitalism, in its various national manifestations. A shared background in institutions like schools, universities, and clubs helps to consolidate a class consciousness that articulates these interests, but a more fundamental reason is that the activities of states are subordinated to the accumulation of capital.

There have nevertheless always been tensions, above all the fear on the part of capitalists that states will either restrict or abolish their right to private property. What gives these fears plausibility is precisely the fact that state managers have both to facilitate the process of capital accumulation and ameliorate its effects on the population and environment.

¹ This is an abridged version of an article originally appearing in *SALVAGE* magazine: <http://salvage.zone/in-print/neoliberalism-as-the-agent-of-capitalist-self-destruction/>. We are grateful to the author and the editors of *SALVAGE* for permitting this abridged reprint.





Has the neoliberal era seen the capitalist class finally succeeding in 'binding Leviathan', to quote the title of an early British neoliberal text by William Waldegrave? We need to be clear that it is not the nature of capitalist states themselves that has changed: they still need to perform the core functions described at the beginning of this section. There is no 'neoliberal state', but there are 'neoliberal regimes'.

What has changed is that the relationship between neoliberal regimes and capital since the 1970s has prevented states from acting effectively in the collective, long-term interest of capitalism. Neoliberal regimes have increasingly abandoned any attempt to arrive at an overarching understanding of what the conditions for growth might be, other than the supposed need for lowering taxation and regulation and raising labour flexibility. Apart from these, the interests of the total national capital are seen as an arithmetical aggregate of the interests of individual businesses, some of which, to be sure, have rather more influence with governments than others. In so far as there is a 'strategic view' it involves avoiding any policies which might incur corporate displeasure, however minor the inconveniences they might involve for the corporations, which of course includes regulation.

But corporations have always done this: why are state managers now so predisposed to respond positively to their efforts? The answer is in the way in which neoliberalism has reconfigured politics.

Three factors are important in producing this tendency. The first is the depoliticization of the political wing of the state managers through the delegation of functions away from the government in office to ostensibly 'non-political' bodies, the introduction of ostensibly 'objective' assessments of the effectiveness of policy and imposition of binding 'rules' which restrict the range of actions which politicians can take. In relation to the latter in particular, each successive phase of the neoliberal experiment saw the incremental abandonment of the repertoire of measures through

which governments had traditionally influenced economic activity.

As a consequence of their heightened 'managerial' function, politicians have increasingly become a professional caste whose life-world is increasingly remote from any other form of activity, economic or otherwise, and therefore more autonomous, while simultaneously becoming more committed to capitalist conceptions of the national interest, with business as an exemplar. Consequently, most discussion of politics – in the developed world at least – is devoted to expending more or less informed commentary and speculation on essentially meaningless exchanges within Parliaments and other supposedly representative institutions. Debates therefore have the quality of a shadow play, an empty ritual in which trivial or superficial differences are emphasised in order to give an impression of real alternatives and justify the continuation of party competition.

To understand why, we have to focus on the weakening of the labour movement, since one of the inadvertent roles which it historically played was to save capitalism from itself, not least by achieving reforms in relation to education, health and welfare. These benefitted workers, of course, but also ensured that the reproduction of the workforce and the conditions for capital accumulation more generally took place.

But with the weakening of trade union power and the capitulation of social democracy to neoliberalism, there is currently no social force capable of either playing this reformist role directly or by pressurizing non-social democratic state managers into playing it.

The second factor, opposed to the depoliticization of politicians, is the politicization of the non-political wing of the state managers: the civil servants. As the political parties became less distinct from each other, the officials required to implement their increasingly similar policies are required to turn themselves more completely into extensions of the parties themselves.

The third and final factor in producing chronic short-termism in neoliberal regimes is the de-politicization of the

electorate. Except it is not so much depoliticization as *abstention* by sections of the electorate who no longer have any parties for whom to vote. Many of those electors still involved in casting their vote do so – appropriately enough – on a consumer model of political choice, where participation is informed by media-driven perceptions of which result will be to their immediate personal benefit. Unsurprisingly, the numbers prepared to carry out even this minimal level of activity are declining.

The entire neoliberal project was premised on the irreversibility of the process: the abolition of regulatory mechanisms, dismantling of welfare programs, ratification of international treaties for which there are no formal mechanisms allowing them to be either amended or annulled, and so on – all these could be reversed, but it would require new legal and administrative structures which would in turn require planning and a political will to do so which has not existed since the beginning of the neoliberal era. For all practical purposes then, members of the ruling class in the West are now united in accepting neoliberalism as the only viable way of organising capitalism as an *economic* system, but they are divided in relation to how capitalism should be organised as a *social* system. They may all be neoliberals now, but they are not all neoconservatives. In the US both Democrats and Republicans are openly committed to capitalism, but there are also real divisions of opinion between them concerning, for example, gay rights or environmental protection.

Electoral support for the far-right in these circumstances is based on the apparent solutions it offers to what are now two successive waves of crisis, beginning respectively in 1973–4 and 2007–8, which have left the working class in the West increasingly fragmented and disorganised, and susceptible to appeals to blood and nation as the only viable form of collectivism still available, particularly in a context where any systemic alternative to capitalism – however false it may have been – had apparently collapsed in 1989–91. The political implications are ominous. The increasing





interchangeability of political parties, discussed above, gives the far-right an opening to appeal to voters by positioning themselves as outside the consensus in ways which speak to popular appetites for destruction fostered by capitalism itself.

The potential problem for the stability of the capitalist system is however less the possibility of far-right parties themselves coming to power with a programme destructive to capitalist needs, than their influence over the mainstream parties of the right, when the beliefs of their supporters may inadvertently cause difficulty for the accumulation process. Take an important area of Republican Party support in the US. Since the late sixties Republicans have been increasingly reliant on communities of fundamentalist Christian believers, whose activism allows them to be mobilised for voting purposes. But this religious core vote, or at any rate their leadership, naturally also demand the implementation of policies in return for their support.

But it is not only religious belief which can cause difficulties for US capital; so too can overt anti-migrant racism. One concrete example of this is the Tea Party-inspired Beason-Hammon Alabama Taxpayer and Citizen Protection Act – HB56 as it is usually known – which was passed by the State legislature in June 2011, making it illegal not to carry immigration papers and preventing anyone without documents from receiving any provisions from the state, including water supply. The law was intended to prevent and reverse illegal immigration by Hispanics, but the effect was to cause a mass departure from the many of the agricultural businesses which relied on these workers to form the bulk of their labour force.

In an earlier era, social democratic reforms were usually intended to enable the system as a whole to function more effectively for capitalists and more equitably for the majority, however irreconcilable these aims may be in reality. But far-right reforms of the type just discussed are not even intended to work in the interests of capitalists, nor do they: they *really* embody irrational racist beliefs which

take precedence over all else.

If I am right that certain aspects of far-right politics are counter-productive in relation to the needs of capital, it does not follow that the increased chaos consequent on the implementation of these policies would necessarily be of benefit, even indirectly, to the left. Defence of the system is always the principle objective of the bourgeoisie, even at the expense of temporary system malfunction. In a situation where economic desperation was leading to mounting disorder, far-right parties would be brought into play to direct attention from the real source of social anguish onto already-identified scapegoats, no matter what price they exacted in terms of policy.

What we see emerging is a symbiotic relationship between one increasingly inadequate regime response to the problems of capital accumulation and another increasingly extreme response to the most irrational desires and prejudices produced by capital accumulation.

Let me clear what I am not saying. I am not suggesting that it should be the work of socialists to propose solutions to the crisis of capitalism. It is always necessary to argue for reforms, of course, but the idea that the application of Keynesian solutions would restore the Golden Age of the post-war welfare state is simply illusory and underestimates the extent to which those years were the result of a unique set of circumstances. Booms will continue to occur, as they did between 1982 and 2007, but the beneficiaries will become fewer and fewer. Consequently, I am not predicting that developments discussed here mean that capitalism will simply collapse under the weight of its own internal contradictions either. Scenarios of this type, from those of Rosa Luxemburg onwards, have been proved false in the past and there is no reason to suppose that they will be any more accurate in the future.

Indeed, a collapse not brought about by the conscious intervention of the oppressed and exploited would not be to their advantage in any case, but simply a step towards the barbarism to which Marxists from Engels onwards have seen as the consequence of failing to

achieve a socialist society. And this is no mere slogan: the condition of central Africa and parts of the Middle East today indicates the presence of actually existing barbarism as the daily reality for millions. Events in the developed world are unlikely to take this form, at least until environmental catastrophe becomes irreversible, but rather involve a gradual and, for all but the very poorest, almost imperceptible worsening and coarsening of their conditions of life.

What I am suggesting is that neoliberalism as a strategy has almost been too successful as a method of capitalist regulation. It has finally brought about the situation that Schumpeter feared, where creative destruction has no limits or boundaries. Both Engels and Benjamin envisaged capitalism as a runaway train heading for destruction. It appeared, within less than a decade of the latter's suicide in 1940, that forces within capitalism itself were capable of 'pulling the hand brake'; it now appears that his initial intuition was right and that revolution is all that stands in the way of the disaster that otherwise awaits.



Anti-TPPA proposers wave the "traditional" New Zealand flag. Source: stuff.co.nz

Against “conservative leftism”:

Why reactionary responses to neoliberalism fail

By Daphne Lawless (*Fightback*
Tāmaki Makarau/Auckland)

If you had told a socialist or a radical of a few decades ago that Marxist socialists would not only be defending the Union Jack-emblazoned New Zealand flag – a remnant of the British Empire, known as the “Butcher’s Apron” because of all the blood spilled on it, the flag of the colonialist, capitalist state – but marching behind it on demonstrations, they would undoubtedly think that you’d gone crazy. As recently as 2005, the “Defend Our Flag” movement was the preserve of conservatives like the Returned Services Association or the fascist National Front.

And yet, on the marches against the Trans-Pacific Partnership Agreement (TPPA) signing on 4th February, Union Jacks were plentiful. On Facebook, socialists and radicals were calling supporters of Kyle Lockwood’s alternative flag, to be voted on in a referendum in March, “traitors”. How did this happen?

There’s a saying in American politics known as “Cleek’s Law”: “Today’s conservatism is the opposite of whatever liberals want, updated daily”. This refers to the kneejerk opposition of Republicans to whatever the Obama regime does; to the point that wags suggest that Obama could wipe out all opposition by making a speech in favour of breathing.

In this article, I wish to introduce to the Aotearoa/New Zealand left the concept of *conservative leftism*. To adapt Cleek’s Law, it could be described as “*conservative leftism* is the opposite of whatever neoliberals want, updated daily”. Or to put it in more formal language: *a reactionary, undialectical opposition to various aspects of neoliberalism*. I argue that this is an extremely strong, sometimes dominant, political ideology on the Left in Aotearoa/New Zealand today.

Historically, Marxists have seen themselves as opposing “reformism” within the movements of workers and the oppressed – that is, Marxists believe that the real issue is to do away with capitalism altogether, not just to reform





it. But conservative leftism is a series of ideas which may be held by “reformist”, “revolutionary” or other forces in the movement – feminists, Tino Rangatiratanga fighters, queer activists, or unionists. It’s a response to both neoliberalism and to decades of defeat in the movement; and I will argue that it’s a backwards-looking, self-defeating response, to which a strong political alternative should be built.

Definitions

I take the concept of “conservative leftism” from the Scottish socialist Sam Charles Hamad. He uses the phrase, in particular, to describe those segments of Left opinion in Britain – up to and including left-leaning Labour Party leader Jeremy Corbyn – who refuse support to the Syrian revolution, and instead support intervention in favour of the dictatorship of Bashar al-Assad, sometimes as a “lesser evil” compared to the Daesh (ISIS) sectarian terror group. The crucial point is that, whereas a right-wing conservative or a Tony Blair-style neoliberal would be in favour of British or American bombs, the conservative leftists seem to be in favour of *Russian* or *Iranian* military intervention (see more on this below). This, Hamad convincingly argues in a recent Facebook post, is a betrayal of socialism’s principles of solidarity with the struggles and uprisings of oppressed people worldwide:

The conservative left co-opt the language of struggle – their self-delusion is based on these ideas that they are almost a chosen people [and that] their struggle is *the* struggle. This births a socialism of the privileged. And like all privileged classes they do have an international conscience that has replaced the active radical idea of ‘internationalism’, but... they can’t envision a world that exists beyond a non-existent dichotomy of ‘good and evil’. Yet all of this is done in comfort and privilege – necessarily so. (*from Facebook*)

I also want to explain the words “reactionary” and “undialectical” which I use above. “Reactionary” is used not in the sense of extreme right-wing, but simply the kind of “knee-jerk, whatever

they’re for I’m against it” opposition described in Cleek’s Law above. For example, the best argument made to retain the current “Union Jack” New Zealand flag – with all its history of colonial dispossession and oppression – by conservative leftists is that the conservative-neoliberal government of John Key wants a flag change.

Meanwhile, *dialectics* is a form of logic which Karl Marx developed from the German philosopher G. W. F. Hegel. The essence of dialectics is that “things” (whether ideas, living creatures or physical objects) change and develop because of their internal contradictions, and from interactions with their opposites. To say that something is “undialectical” means that it is one-sided; that it sees the world in “black-and-white”, “good and evil” terms, as Hamad notes above.

Finally, to make it clear what we’re talking about here, I am using the term “neoliberalism” in the following sense: the globally dominant current “articulation” of capitalism, based on globalization, financialization, and privatization. Despite rhetoric of shrinking the State, in fact the State plays a crucial role in neoliberalism – not just in the negative sense of privatizing its assets and lowering barriers to globalization and financialization, but in actively introducing market relationships to every sector of society, smashing the resistance of workers, expropriating and enclosing the “commons” for capitalist profit, and attempting to co-opt the struggles of oppressed groups by allowing their leaders to rise in the neoliberal corporate and state hierarchies.

A history of defeats

The struggle against neoliberalism in Aotearoa/New Zealand has been going on for longer than many of the protestors on the recent TPPA marches have been alive. Generally, in Aotearoa/New Zealand, our side has had few lasting victories, meaning a generation has grown up since 1984 knowing only the neoliberal, globalized, financialized capitalist economy.

In New Zealand, neoliberalism was instituted by a Labour government

elected in 1984. It was able to get away with breathtakingly fast liberalization of a previously highly protectionist capitalist economy partly because it co-opted many of the social movements which had come out of 1968–1981. The same Labour Government which smashed all foreign-exchange and capital controls and went on a privatization spree also decriminalized male homosexuality, established the Waitangi Tribunal to address historical Māori grievances, and made many gestures in favour of (liberal) feminist causes.

For those university-educated women, queers and Māori who were lucky to have the skills that the new globalized/financialized economy needed, neoliberal reform was a clear improvement. Others, of course, were not so fortunate; but the result was the effective co-option of many of the mass movements which had arisen under the previous socially conservative but traditionally Keynesian government. Coming at the same time that “identity politics” (feminist, queer, ethnic/indigenous) were gaining a foothold on the global Left, at the expense of traditional forms of Marxism which saw society in terms of strictly economic class struggle, this was an extremely effective way to implement neo-liberalism.

This may go some way to explain the *missing generation* phenomenon on the New Zealand left. A generation of left-wing activists (socialist, feminist, union, queer, green, Māori sovereignty) came out of the global ferment of the 1968 era, and cut their teeth in the mass protests against the 1981 South African rugby tour. The more recent (“millennial”) generation of activists (the current author included), on the other hand, had their consciousness sparked by the anti-capitalist movement around the “Battle of Seattle” in 1999, and later, 9/11, the war on terror, and the Iraq invasion, and the “Occupy” movements from 2011 onwards.

There is very little in between; very few radical activists who evolved in the 1984–1999 period. On one hand, those who came to consciousness through those years had experience in the various





dissident parliamentary parties (the New Labour Party, the Greens, the Alliance), fighting an increasingly desperate rear-guard action against the inexorable neoliberal reforms instituted by both Labour and conservative governments. (NLP and Alliance leader Jim Anderton could almost be the ideal type of a “conservative leftist”).

Meanwhile, those socialist groups which survived during the 1980s and the 1990s did so mainly by “bunkering down” – by adopting a routine of reaffirming the political lessons of the 1960s and 1970s, and waiting for “better days”. Those who saw feminism, queer theory or Māori sovereignty with suspicion tended to cling to their traditional ideas, thus side-lining themselves from the new movements; while those (mainly from the Maoist tradition) who had taken such ideas on board were gravitationally pulled towards reformist politics, NGO-style activism, the academy, or other such accommodations with the new neoliberal reality.

The net result is that overwhelmingly, the current activist movement is led (mainly by default) by older activists, whose views of the world were formed before neoliberal globalization; who often have a place on the property ladder and thus a stake in the status quo, and who tend to be uncomfortable with the new social arrangements and points of struggle thrown up by the neoliberal era.

Yesterday's solutions

Whatever the precise causes, the overall result is that *new anti-capitalist ideas and perspectives of how to transcend neo-liberalism, rather than roll it back, have not emerged* in Aotearoa/New Zealand activist circles; or, at least, have not been seriously taken up by the movements. To put it in crude terms, the activist Left in the neoliberal era has not attempted to intellectually grapple with the new possibilities thrown up by globalization.

Instead, past a general opposition to continued neoliberal reforms, the activist Left has held by default to a position of trying to “put the toothpaste back in the

tube” – that is to return to pre-neoliberal political and social structures. This has sabotaged the movement's ability to deal with the new social forces created by neoliberal globalization. Even worse – as I will explain below – it renders the movements incapable of effectively fighting *right-wing* anti-neoliberal forces – including xenophobia, conspiracy theory, and actual fascism.

Conservative leftism, then, essentially consists in trying to apply yesterday's solutions to today's problems. For example, Sam Charles Hamad convincingly argues that the lack of global solidarity for Syria is due to a kind of “inertia” in the anti-war movement. He argues that the British Left have mainly, mechanically applied the slogans and ideas of the movement against the Iraq War (an imperialist intervention from outside against an inconvenient local dictator) to the Syrian civil war (an active uprising against a dictatorship, with imperialists firstly trying to play both sides, but more recently intervening to *support* the dictatorship).

Crucially, the Iraq war was the last time that many of the British socialist left were relevant in mainstream politics. There is an aspect of “reliving one's glory days” here – which can occasionally also be seen on the New Zealand left with reference to the “Springbok tour” era.

In contrast, my argument is the left should seek to *build on* the new social forces and ways of living that neoliberal globalization has thrown up, to create a post-neoliberal, post-capitalist future. I am arguing, in other words, that Marx's insight that capitalism creates its own gravediggers is still correct; but that the 21st century revolutionary classes will not look like those of the 1840s or even the 1980s.

Aspects of conservative leftism in Aotearoa/New Zealand

The following are the aspects of conservative-leftist thought which I find the most worrying on the current Aotearoa/New Zealand activist scene.

The first is **nationalism** and **campism**.

I explained the concept of “campism” in a previous article¹ in this way:

the metaphor that the world is divided into several military “camps”, with the largest being the Western camp led by the United States. Therefore, any government which disagrees with American foreign policy – no matter how oppressive to its own people, or however wedded to neoliberal market economics – can be supported. These governments are even called “anti-imperialist” – as if there were only one imperialism, that of the Western bloc.

This is of course part of what Sam Charles Hamad is describing when he talks about British socialists who have come to believe that the strength of the US/UK bloc is the main force for evil in the world. This is giving up the Marxist idea of imperialism as something inherent to capitalist expansion and bad on whichever side it appears, in favour of the “multipolar world” concept where nationalism and imperialist intervention are okay, even supported, when they're on “the other side”.

Again, this partly stems from a sort of intellectual laziness on the Left during the Iraq War era. Many Leftists found support in that anti-war struggle from those bourgeois thinkers called “International Relations Realists”, who believed the best way to preserve the global capitalist order was to preserve a “balance of power” and consensus between the various big powers. High-powered thinkers like Stephen Walt and John Mearsheimer opposed Bush and Blair's imperial adventures in the Middle East and support for Israel, not out of solidarity with the people of Iraq, Palestine or Iran, but for fear that this would unbalance the whole global capitalist order. Now, the “Realists” are definitively in favour of the Arab world's dictatorships – Syria, Egypt, Jordan – and against the uprisings known as the Arab Spring. Nothing is more destabilizing than a revolution, after all. And conservative leftists, having fallen out of the habit of creating their own class-based internationalist analysis, are following them.

¹ <http://fightback.org.nz/2015/11/05/against-campism-what-makes-some-leftists-support-putin/>

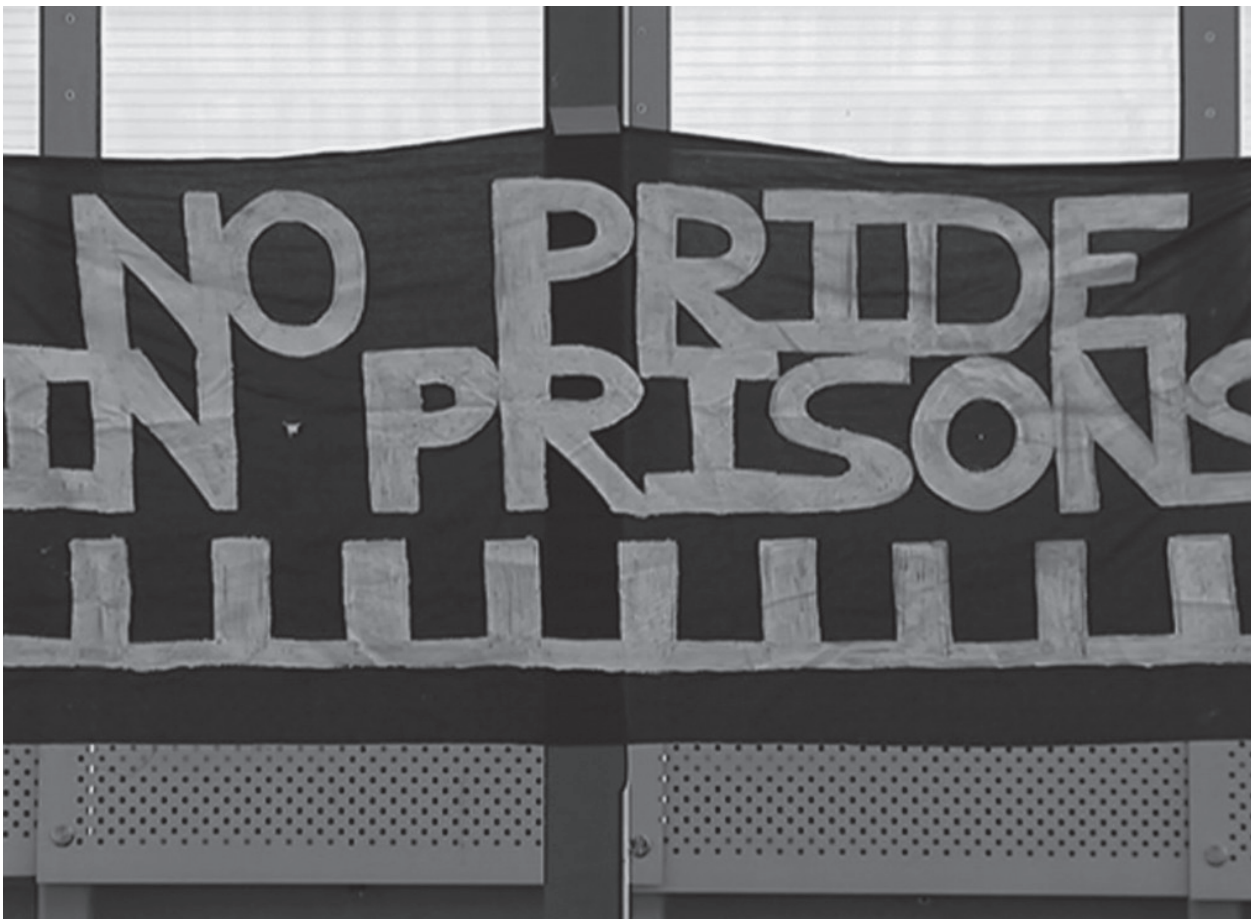




Otto Strasser, an early "left-wing" Nazi. He and his brother Gregor gave their name to the original form of "red-brown" politics.



Auckland Chinese Lantern festival 2016. The "Yellow Peril"?





Conservative-left nationalism was seen clearly in the recent TPPA demonstrations. Flying the current, Union Jack-emblazoned New Zealand flag wasn't just defiance of John Key's flag change initiative; the same idea was expressed by other protest banners which depicted John Key as a puppet of Barack Obama or "Uncle Sam". In other words, the argument made by those protestors was that the problem with the TPPA was US domination of New Zealand, *rather than the domination of multinational capitalism over the peoples of the world, their democratic rights and their commons*.² This kind of "left-wing nationalism" ignores that the New Zealand state is a deeply racist, colonial enterprise, which even at its most "benevolent" (during the 1935–1984 welfare state era) was based on the alienation of natural resources from Māori and the forcible suppression of class struggle. The "No Pride in Prisons" campaign³ – which struggles against uniformed cops and prison guards being allowed to march in the LGBT pride parades – gives a very good account of how racist the New Zealand state continues to be, even in the era of the Waitangi Tribunal.

Being a parliamentary regime, of course, the New Zealand state is susceptible to public pressure in a way that an American-based multinational is not. But a defence of *democracy* (even in its weak capitalist form) and a defence of New Zealand's natural resources from enclosure and extractivism has to be carried out against the New Zealand state, not just *against* foreign states or multinationals. Waving the flag of the State which expropriated Māori, forcibly suppresses strikes and joins in imperialist interventions in Afghanistan and elsewhere is a short-cut to popularity which disarms us in the face of *right-*

wing nationalism, like that expressed by the NZ First party or fascists.

In the New Zealand context, with our large emphasis on agriculture, tourism and other rural-based activities, and our strong Green movement, **localism/parochialism** (only worrying about your own "patch") has also become common sense on the conservative left. Localism is the obvious reactionary counter-position to globalization; not only throwing up borders around "Fortress New Zealand" but supporting "local autonomy" wherever it arises. The idea is that small communities are more democratic, or even more "natural", than big cities or the global civilization which capitalism continues to (destructively and inefficiently) bring into existence.

Thus, conservative leftists opposed the amalgamation of Auckland's various feuding local bodies into a single "Super City", on general principle. But in practice, the Super City has been a net positive. The working-class masses of South and West Auckland overrode the central and North Shore privileged classes to elect a centre-left mayor and council, who – while far from consistently pro-worker – have prioritised public transport and urban amenities, and begun to make tentative moves against the endless, unsustainable suburban sprawl enabled by motorway madness. There is nothing left wing about – for example – fighting for the right of privileged enclaves like Devonport or Howick to reject public transport and affordable housing.

Curiously – given that even most conservative leftists accept the Green case against suburban sprawl – there is also a real anti-urban sentiment. A speaker at a recent MANA Movement AGM actively encouraged Māori to abandon the cities and build eco-villages

on their ancestral lands – strangely coincident with the recent interest shown by our conservative government in "resettling" the Pasifika communities of South Auckland in small South Island towns⁴. Veteran activist John Minto, when I interviewed him for this magazine in 2013⁵, came out in principle against high-density housing (apartments, townhouses) in favour of traditionally-structured suburbs such as Glen Innes.

But as I've previously argued in this magazine⁶, high-density housing is much more environmentally sustainable than single-dwelling based suburbs, which are reliant on fossil-fuel burning car transport and encroach on productive farm land. This is an issue which has simply not been taken up to date by the activist Left in Aotearoa/New Zealand, who are happy – for example – to fight for the rights of the far-flung working-class suburbs of South Auckland or outer Wellington, but do not question whether they are even sustainable under conditions of climate change and resource crunch.

Crucially, anti-urbanism is a dead-end because it neglects the new constituency of precarious urban white-collar workers thrown up by neoliberalism⁷. The radical-urban-planning blog *Transportblog*⁸ has gone into a lot of detail about the economic benefits of "agglomeration", and shown research that young people increasingly do not own cars and appreciate the benefits of high-density living and good quality public transport.

By promoting traditional suburban, provincial and rural life and reacting with suspicion to urbanization and centralization, the conservative left simply cuts itself off from this growing, economically important constituency,

2 Note of course that I am not including the Tino Rangatiratanga struggle in the "nationalism" which I am critiquing. Māori sovereignty is qualitatively opposed to Union Jack-waving "Kiwi" nationalism, most obviously because the Union Jack flew over the dispossession of the tangata whenua and still stands for their subservience. The Tino Rangatiratanga flag stands for a popular resistance to imperialism which the New Zealand ensign never can. Strangely, some Tino activists wave the Union Jack flag as a symbol of Te Tiriti and denial of the sovereignty of the settler government – the opposite purpose for which Pākehā "Kiwi nationalists" wave it.

3 <http://noprideinprisons.org.nz/>

4 http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11577072

5 <http://fightback.org.nz/2013/08/24/john-minto-for-mayor-we-need-a-kiwi-socialism/>

6 <http://fightback.org.nz/2015/02/13/urban-housing-is-an-ecosocialist-issue/>

7 See my previous article on this: <http://fightback.org.nz/2013/03/26/information-workers-workers-power-in-the-age-of-the-geek/>

8 <http://transportblog.co.nz>





if they even notice that it exists. It should also be noted that historically, ethnic and sexual minorities have not fared well in small towns or rural areas.

Even worse, nationalism and localism under stress often reveal themselves in **xenophobia and racism**. Much of the anti-urban (in particular, anti-Auckland) rhetoric common among the activist Green and Left movements boils down to insecurity about immigration. A cry often heard from those trying to call for a halt to immigration (or at least the forcible re-directing of immigrants from New Zealand's only real global city, Auckland) is that "we don't want Auckland to become Shanghai". Anyone who's actually been to Shanghai might ask: why not?

One example of conservative-leftist attempts to leverage "Yellow Peril" xenophobia was Labour Party Auckland affairs spokesman Phil Twyford trying to blame the Auckland housing bubble on investors who happened to have Chinese names⁹. Of course, this is something we've seen in neoliberal economies worldwide – a deliberate decision to let house prices inflate to compensate for stagnant wages, enabling a massive consumption boom among the property-owning classes. It wasn't Chinese investors who, for example, made the US or Irish property markets crash and burn in 2007/08. But several activist Leftists – especially in the MANA Movement – backed Twyford up.

The most disturbing example of conservative-leftist resistance to capitalist globalization turning into racism has been recent outbursts of **anti-Semitism** in the movement. Distressingly, John Key's Jewish ancestry combined with his previous career as a merchant banker has been increasingly raised as an issue in activist Leftist circles. But this ties in with the second major facet of conservative leftism – **conspiracy theory**, since almost all conspiracy theories began as "International Jew" theories, before the

outcome of World War II made explicit anti-Semitism unfashionable.

Asher Goldman has defined conspiracy theory as "a theory based in supposition, one that flies in the face of evidence or science, often one that claims its correctness can be shown by the paucity of evidence in favour of it"¹⁰. To put it another way, conspiracy theory seems like it **should** be true, since it confirms broad cultural narratives. Closely related to conspiracy theory is "legal woo" – crank theories with no basis in reality such as "Freeman on the Land"¹¹, or beliefs that removing the Union Jack from the New Zealand flag will somehow magically abolish Te Tiriti o Waitangi or even the authority of the New Zealand government altogether¹².

However, conspiracy theory is a subset of a more fundamental problem on the conservative left – **anti-intellectualism**, or even outright **anti-science**. As a reaction to decades of neoliberal or corporate-funded academics justifying more attacks on the poor, some of those who fight capitalism and oppression have begun rejecting the idea of "expert opinion" altogether. Radical Left discussion forums in Aotearoa/New Zealand resound with not only political conspiracy theories, but theories that deny the physical sciences, such as anti-vaccination or anti-fluoridation rhetoric. Some even join with the Right in denying climate change.

Recently, when I made some arguments based on *Transportblog's* analysis of Auckland's need for the City Rail Link, another Marxist dismissively replied that he trusted what "ordinary people" were telling him rather than any putative experts – in this case, that resources should be poured into more buses (to get caught up in traffic?), rather than into the "missing link" in Auckland's transport infrastructure.

Conspiracy theory and other anti-intellectualism offers a way of understanding the world based on folk wisdom or "common sense". Radical

hippies used to say that "common sense is what tells you the earth is flat." The Italian revolutionary Antonio Gramsci made a subtler decision between "common sense" (what workers and the oppressed absorb from ruling-class ideology) and "good sense" (what they learn from the factual conditions of their existence). For radicals to trust "the wisdom of the people" over expert opinion as a default is to fly in the face of this fundamental insight. There is no guarantee that "common sense" or "what the people are saying" under capitalism will be *right* about anything. The existence of racism among the working class is only the most obvious example of that. It is the job of revolutionaries to *challenge* the prejudices of "common sense" – using the insights of science – and to *build on* the insights of "good sense".

The manifestations of anti-intellectualism on the conservative Left may also include dogmatic versions of Marxism. One strand of opinion involves **opposition to "identity politics"**, which – under the guise of a Marxist assertion of the class struggle as the motive force of history – instead makes its appeal to an idealised version of the working class which, by excluding gender, sexual and ethnic issues, makes the cisgendered-heterosexual white male worker with no particular attachment to tikanga Māori the "norm".

British socialist Richard Seymour has often pointed out that identity struggles are deeply implicated in class struggle, rather than separate from it. For example:

The tendency of capitalism is to multiply the number of lines of antagonism. And if certain identities are goaded into being, or take on a politicised edge, because the system is attacking people then it is clear that 'identity politics' is not a distraction, or an optional bonus. The fact is that 'identities' have a material basis in the processes of capitalism. And just

⁹ <https://www.tvnz.co.nz/one-news/new-zealand/twyford-s-racist-cynical-chinese-property-buyer-statistics-de-bunked-q00964>

¹⁰ <https://libcom.org/library/against-conspiracy-theories-why-our-activism-must-be-based-reality>

¹¹ http://rationalwiki.org/wiki/Freeman_on_the_land

¹² See Ian Anderson's article on this: <http://fightback.org.nz/2015/09/24/flag-debate-still-an-expensive-distraction/>





because they are constructed (from that material basis) doesn't mean that they are simply voluntary responses to the life situation they arise in, which can be modified or dropped at will. Thus, it is not realistic to tell people – “you have the wrong identity; you should think of yourself as a worker instead”.¹³

The fact remains that – while strikes and other traditional forms of workers' struggle are at an all-time low – uprisings “from below” are not only continuing, but becoming more intense, under the guise of “identity politics”. In New Zealand, apart from the ongoing Tino Rangatira struggle, we've seen a revived feminist movement push back against rape culture and police connivance in it. Meanwhile, “No Pride In Prisons” bring issues of race, sexuality and gender to the fore against the New Zealand capitalist state. Both these struggles put the role of the capitalist state into sharp focus. But conservative leftism tends to ignore actual uprisings and protests which don't fit into traditional categories.

A left disarmed

In summary, this article has identified three major elements of conservative leftism in Aotearoa/New Zealand, which blend into each other:

1. Opposition to globalization which has taken the forms of nationalism, localism and parochialism, leading to xenophobia and even forms of racism;
2. Opposition to the social changes induced by neoliberalism, in the Aotearoa/New Zealand context shading into anti-urbanism, suburbanism, ruralism and otherwise clinging to traditional ways of living and working;
3. Opposition to “expert opinion” as justifying neoliberal globalization, which manifests itself as anti-intellectualism, rejection of science, conspiracy theory and other dogmatic beliefs.

This is in addition to a “campist” sympathy for non-US/UK forms of imperialism, which could arguably be

seen as a displaced form of nationalism. As I have tried to argue, this is an essentially backwards-looking political worldview, which seeks to return to earlier, simpler, more nationally-contained forms of capitalist or traditional society. It has nothing to say to new class forces, new ways of living or new identities which have been thrown up by neoliberal changes, but which cannot attain their full development under neoliberalism.

For example, a precarious freelancer, working from home, who enjoys their control over their conditions of work but not the uncertainty of their livelihood, is not going to react well to a conservative leftist offering them the alternative of a 9–5 state sector office job. A radical response, on the other hand, would be to explore ways in which flexible or freelance work (which might involve cross-border clientele) could be made less precarious and stressful – perhaps through a Universal Basic Income, or by expanding the “commons” of goods and services which are available outside the market economy.

So conservative leftism will increasingly be left behind, as new forms of living, working and identifying under neoliberalism evolve. However, an even worse danger is that **conservative leftism has no way of defending against fascist or “red-brown” ideas.**

“Red-brown” politics (also known as Third Position or Strasserism) is basically fascism with a social-justice veneer. Whereas an out-and-out fascist will talk in terms of “race” or “honour”, a “red-brown” will talk about social justice and the evils of multinational capitalism – but will cunningly offer xenophobic or racist solutions: strengthening national borders, supporting “Kiwi bosses”, aggressively rejecting refugees and immigrants, or persecuting “foreign” cultures or religions such as Islam.

Red-brown politics, like fascism, also tends to reject logic and science, promoting traditional/pre-capitalist ways of living and working, including traditional gender roles and sometimes “back-to-the-land”

rejection of technology. Red-brown politics is therefore nationalist/localist, traditionalist/backwards-looking and anti-intellectual. These are *precisely the elements we have identified as being essential to conservative leftism in Aotearoa/New Zealand.*

We do not argue that conservative leftism is the same as “red-brown” politics. What we argue is that *it offers no intellectual defence against it.* The argument is that “red-brown” politics (and its cousin, outright fascism) have increasingly gotten a foothold in activist movements worldwide precisely because conservative leftism has no way of arguing against it. For example, conservative leftists in Aotearoa/New Zealand happily publish internet memes originating from far-right factions in the United States or Britain, because they have no way to tell the difference between radical and reactionary anti-globalization.

On the international scale, red-browns and conservative leftists join together in cheerleading the Russian bombing of Syria and the strangling of its revolution in the name of “fighting Islamist terror”, and the belief that Russian bombs are somehow better than American bombs. Similarly, conservative leftist Islamophobia (including, sadly, the Revolutionary Socialists of Egypt) supported General al-Sisi's military coup against the democratically elected Islamist-backed Morsi government in Egypt in 2012.

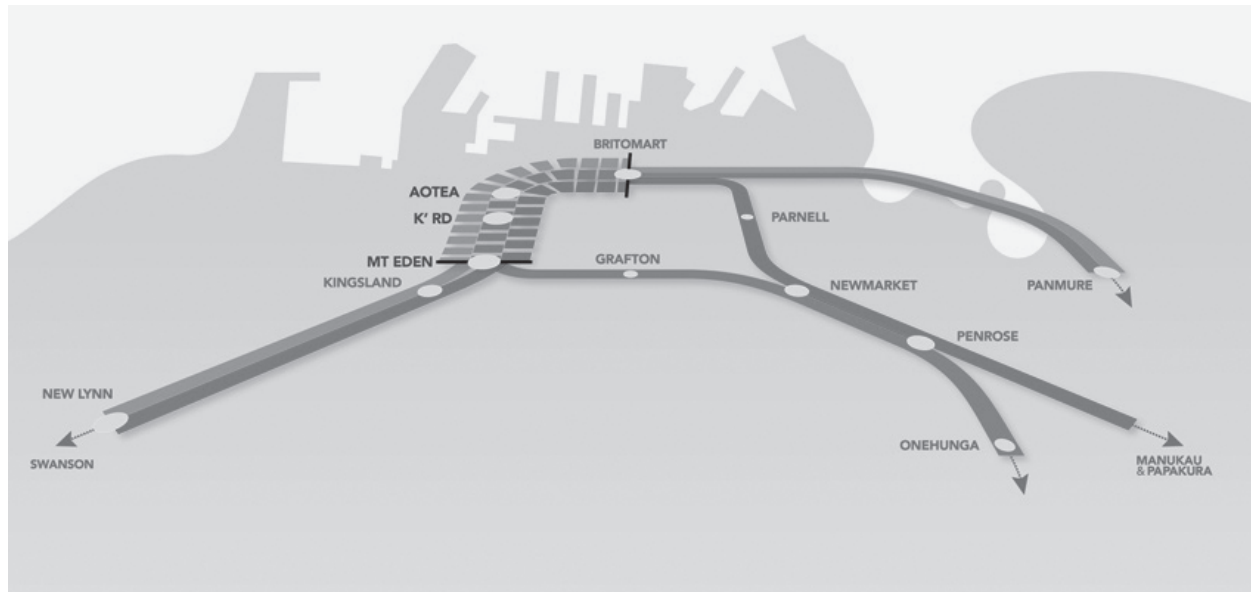
For a new radical leftism

So what is the alternative? The late British Marxist Tony Cliff explained the ideas of “opportunism” and “sectarianism” like this.

Say you're on a picket line, waiting for the cops to come. The worker next to you starts making racist comments about immigrants taking our jobs. The sectarian response is: you walk off the picket line, refusing to have solidarity with a racist. The opportunist response is: you pretend you don't hear; you just change the subject. Whereas Cliff

¹³ <http://www.leninology.co.uk/2011/11/cultural-materialism-and-identity.html>





Auckland's City Rail Link - a positive consequence of the "Super City" centralization.

argued that the correct revolutionary response is: you argue with the racist ideas, firmly, telling the worker expressing them that immigrants are welcome and those ideas will bring down the movement. But, when the police come, you link arms against them with *everyone* on the picket line.

In Aotearoa/New Zealand activist circles at the moment, my contention is that *the organized Marxist left has increasingly taken an opportunist approach to conservative leftism*. Even for those of us who do not agree with nationalism and xenophobia, back-to-the-land/anti-urban ideas, anti-science or conspiracy theory, there has not been enough effort to *confront* these ideas. Senior members of the MANA movement, for example, have refused to deal with anti-Semitic hatred posted on their Facebook pages, even when this was pointed out to them.

The logic is clear – of wanting to build a broad movement, of not wanting to be cut off from the movement. Conservative leftism is not a terrible disease, like fascism or even red-brown politics. It's not something we have to separate ourselves from. But it is something we have to *fight, intellectually and politically, within the movements*. Otherwise the movements are doomed to irrelevance, shrinking, and increasingly becoming infected by actual fascism.

What I am calling for in this article is for *radical* leftists to make a commitment to the struggle for a new understanding of the possibilities for revolution and uprisings in 21st century globalized neoliberal capitalism. This not only means supporting radical left-wing websites, journals, think-tanks and groups which are attempting to create new ways forward rather than to use yesterday's solution. It means *struggle within the movement*.

It means – regardless of what we think of John Key's flag-change push – that a movement for real democracy and against the TPPA and other neoliberal international agreements can't be built by

an appeal to the Kiwi colonial state and the Union Jack which stands for it. It means arguing hard that anti-Semitism cannot be tolerated, is not justified by the crimes of the apartheid State of Israel, and that global capitalism is *not* run solely for the benefit of the Rothschild family.

It means understanding that young workers not only have increasingly diverse gender/sexual identities which must be respected, but that they have decreasing interest in the suburban 9–5 working-class lifestyle of the 1960s – which wasn't that great anyway for women or other oppressed groups. It means *supporting* urbanization, the growth of multicultural cities in Aotearoa/New Zealand, while fighting hard for them to be built on sustainable, high-density principles, and demanding Māori be granted tino rangatiratanga over natural resources.

It means quickly refuting internet memes which promote anti-science ideas such as vaccination denial or global warming denial, or crank monetary theories about fractional reserve banking. Finally, it means separating political criticism from personal attacks – to rediscover the fact that we can fight each other's ideas without driving each other out of the movement. This may be increasingly hard, as conservative leftists tend to react aggressively and personally to their ideas being challenged.

Conservative leftism is an ideology in the Marxist sense: a consolation and a way to explain the world which in fact makes it impossible to change it, because it does not look at the seeds that neoliberalism itself has planted which will undermine it one day. The point is not to expunge it from the movement, but to build an alternative to it and argue for that alternative.





John Morrison (2nd from left) with Prime Minister John Key (3rd from left) at call centre.

Mystery Morrison:

The face of capitalist 'local ownership'

By Ian Anderson (Fightback Whanganui-a-Tara/Wellington)

Meet John Morrison, also known as 'Mystery Morrison.' With his moustache, strong eyebrows, and sports background, Morrison has the bona fides of a Pākehā, Kiwi bloke. He's the sort of guy you could have a beer with, assuming you're also the sort of person he would have a beer with (John Key, perhaps). In a word, he is 'local' – or as 'local' as any non-indigenous person can be.

Morrison is also a capitalist, a business-owner. He began his career as a cricketer, earning the nickname 'Mystery Morrison' for his bowling style. While he was marginally successful at cricket, Morrison's career since then – as a Wellington City Councillor, failed mayoral candidate, and now call-centre owner – has been more controversial. In an attempt to defend a comment that he'd like to join the women's cricket team in the showers, Morrison **reportedly commented** at a candidate's meeting:

"[I can't] help it if the women's team find me irresistible. After all, I'm a former international cricketer who's so mysterious nobody, not even me, knows why I'm called 'Mystery' Morrison. I'm kind of a big deal."

After his transparent sexism failed to win over Wellington's voters, this man of mystery moved into the call-centre business. As reported on Stuff¹, the timeline of Morrison's involvement with CallActive is certainly mysterious:

¹ <http://www.stuff.co.nz/business/74955426/Former-mayoral-candidate-and-ex-CallActive-manager-looks-to-start-own-call-centre>





Timeline

- CallActive was incorporated in New Zealand on June 26, 2013 [with a \$30,000 loan from the city council, approved by a board featuring none other than John Morrison.]
- On November 13, 2013, it was announced that John Morrison had joined its business development team.
- Morrison stopped working for the company [in 2015], before it shut down.
- On November 12, 2015, the registrar of companies gave public notice of her intention to remove CallActive from the companies' register.
- On November 26, John Morrison and David Lloyd incorporated their own company, Plus64Connect, which was listed as a call-centre operation.
- On November 27, CallActive staff say about 60 workers were left devastated when the Australian-owned call-centre operator folded.

Although many of these actions are strictly speaking legal, they also have a whiff of corruption. Morrison approved council funding for a business; worked as a manager for that business; left the business, and registered a new one a day before the first collapsed. Whatever happened at CallActive that triggered Morrison's departure and the company's collapse, it seems hard to avoid the convenience of Morrison's decisions, and the lack of responsibility he took for their consequences. Morrison apparently knew what was coming months before most of the staff.

Morrison's call-centres are in many respects typical of contemporary capitalism in the imperialist core. A growing service sector; precarious work conditions and declining real wages; networked communication, allowing greater flexibility. Call-centres contract to various industries, often internationally, with the workers often having little or nothing to do with the original company, and therefore facing abuse from weary customers.

Precarious work is often associated with dynamic, flexible arrangements that suit new information technology. However,

precarity isn't somehow necessary to the nature of any work – while construction workers lead precarious existences as contractors in Aotearoa / New Zealand, in Australia they are highly unionised with secure and well-paid work. Rather than being a function of technology, precarity is about power, specifically the power of bosses over workers.

John Morrison's progression from CallActive to his new company typifies this side of precarity: the way economic insecurity fosters fear, division, coercing workers to compete, rather than struggling collectively. Morrison 'allowed' CallActive workers to apply for work at his new business. Considering the reduced staff, this amounts to forcing recently dispossessed workers to compete with each other for a shrinking pool of work. Morrison's new company reportedly uses zero-hour contracts.

Some have characterised this strange sequence of events as a problem of 'foreign ownership', as CallActive was Australian owned. Yet while Morrison admittedly helped an Australian corporation take advantage of this country's low wage economy, when that fell through he took advantage of the low wage economy for his own benefit. The shift from Australian to local ownership did nothing for the conditions of call-centre workers, only benefiting the owners, both Kiwis. Morrison demonstrates that local (capitalist) ownership is no guarantee of security or basic rights. Of course, not all capitalists fit Morrison's exact profile, but that is precisely the point: capitalists must exploit for profit, regardless of gender, colour or nationality. Neoliberalism is not just an international system imposed on nation states: it is a project of the capitalist class, local and international.

Exploitation and oppression inevitably breed resistance. On hearing of their redundancy, CallActive staff reportedly walked out with laptops and company televisions. This is considered theft; however, it pales in comparison to the theft carried out by capitalist businesses. These atomised forms of resistance can change the world if fused collectively. In Auckland, Unite Union has made some inroads in organizing call-centre workers. Rather than local private ownership, we need collective self-organization, self-determination and socialism – which will mean taking power from people like John Morrison. It's hard to think of anyone more deserving.

Hot bedding, sex-for-rent and \$170 bunks:

The rental crisis in Auckland

By Fiona O'Callaghan (*Fightback member and student, Tāmaki Makarau*)

Just over a year ago, I was living in a garage. It was renovated to the extent that it had been carpeted and the interior walls gyprocked (but not painted) and the entrance filled with a ranchslider. I had to go up to the main house if I wanted to use the toilet, shower or cook anything beyond toasting or microwaving. I was paying \$180 per week. The garage had been divided into two "flats" with another tenant paying the same amount for the other one. There was a couple living in the main house paying \$250 per week, and another tenant in a portable cabin paying \$180 as well.

I was there for two years, then two days after Christmas received an email from the

which was not only cheaper, but I could use the kitchen and bathroom without having to brave the weather.

A few weeks after I moved out, the room was advertised on Trade Me as a "renovated" garage (i.e. it had been painted inside and the carpet upgraded) for \$200 per week.

According to Trade Me Property (*see figure*), in the 5 years from December 2010 to December 2015, rents in Auckland increased by 26.9 per cent. The average rental for an apartment at December 2015 was \$450 per week, \$400 for a 1-2 bedroom house, \$550 for a 3-4 bedroom house. At the same time, increasing property prices have put home ownership out of reach of the majority of working people, increasing pressure on the rental

majority are "hidden homeless" - people living in garages, cars, caravan parks, in overcrowded or damp houses, "couch surfing" or staying with friends or relatives.

In a situation like this, exploitation by some landlords is inevitable. In the last few weeks, there have been reports of owners of inner-city apartments advertising shared rooms with 3 or for others, or even "hot bedding" where two shift workers take turns to sleep in the same bed when the other is at work. Recently, a Trade Me advertisement offered a lower bunk bed in a two-bedroom Queen Street apartment for \$175 per week. The advertisement said that the top bunk was occupied by a 20-year-old Japanese woman, and that they wanted a female flatmate who would "preferably stay in the bottom bunk alone." The advertiser, who has since withdrawn the listing, told the NZ Herald that "There are many other listings, if you search on Trade Me, with the same format. It's very hard and expensive to live in Auckland."

More concerning are reports of "sex-for-rent" arrangements, where young women are offered accommodation in return for sexual favours. Advertisements have appeared on the North American Craigslist internet site, offering free accommodation for young women. One in central Auckland offered a "nice place to share". It continued, "I won't charge any money. Instead I would like to have some real fun." Another ad from a "sincere and genuine middle aged, divorced guy" asked for an Asian female student to share a 1 bedroom "upmarket" North Shore apartment for free, with "electricity, water, wifi broadband also included, also includes companionship by mutual arrangement".

Sandz Peipi Te Pou, national manager of TOAH-NNEST sexual violence prevention network, told the NZ Herald: "Our concern is that the power dynamic of someone paying the rent could put people in a position where it's hard to say 'no' to sex they don't want."

Unlike many European countries, where renting is the norm and tenants



Figure: In the 5 years from December 2010 to December 2015, rents in Auckland increased by 26.9 per cent.

landlord, giving me two weeks' notice. She and her husband had been living in one of their other properties, and had decided to sell up and move back to the house. She said she wanted to turn my part of the garage into a home office. When I replied that legally she had to give 60 days' notice (confirmed by the Tenancy Advice line) I received a phone call and a tirade of abuse. She claimed that the property was classed as a "boarding house" and therefore she could give 48 hours' notice if she wished. She eventually agreed to give me three weeks to find somewhere else. Fortunately, I was able to find a room in a shared house

market. Particularly hard hit are those on low incomes, such as students, beneficiaries or sole parents.

The New Zealand Bureau of Statistics defines homelessness as "Living situations where people with no other options to acquire safe and secure housing: are without shelter, in temporary accommodation, sharing accommodation with a household or living in uninhabitable housing." An Auckland Council study in 2014 estimated around 15,000 people in the greater Auckland area were "severely housing deprived." This includes people sleeping rough, but the



Auckland Action Against Poverty picket line at a property developers' conference

have more protection, renting in New Zealand has been regarded as a temporary situation on the path to home ownership. Those who couldn't afford to buy could access state housing. However, with the sell-off of Housing New Zealand properties and the overheated property market, private renting is becoming the only option for many.

The government has introduced changes to the Residential Tenancies Act which include the requirement that from July 2016 all social housing properties, and all rental properties from July 2019, be insulated "where it can be practically installed". It also requires that from July 2016, smoke alarms be installed in all rental properties, and strengthens provisions against "retaliatory notice"

(where a landlord evicts tenants for complaining about breaches of the Act). This is not going to make a great deal of difference to the majority of tenants. It is already against the law to rent out a damp house, or threaten to throw tenants out for complaining about it, but in a housing crisis where rental properties are scarce, tenants will put up with poor housing conditions rather than risk becoming homeless.

The Green Party has introduced a private members bill to amend the Residential Tenancies Act. It proposes minimum standards of warmth, dryness and safety for all rental properties, restricts rental increases to once every 12 months and set a standard minimum three-year fixed tenancy (with provisions for both parties

to set a term of their choice). However, the bill has to be drawn from the ballot of private members' bills before it can be debated, and given that the National and Act defeated the proposed Rental Warrant of Fitness last year, would be unlikely to pass. Even if it did, it allows two years for social housing owners, and four years for private property owners, to get their properties up to standard.

None of the major political parties are attempting to address the structural issues that are causing the rental crisis – such as the fact that the housing market has become a vehicle for profiteering by wealthy investors, and the privatization of public housing.





The public sector:

Swallowing the blue pill of neoliberalism

By Ben Jacobs (Fightback member and public servant)

Like many systems of thought, the theory and practice of neoliberalism don't line up particularly well. In New Zealand, for example, the state plays a key role in propping up a system that preaches minimal state intervention. Public servants realised long ago that actually existing neoliberalism is a myth, but unfortunately, stating the obvious can make life awkward in public policy and management circles.

The fourth Labour government may have introduced neoliberalism to the public by stealth – they had not campaigned on the extreme policies they introduced – but neoliberalism was force-fed to the public service. With the introduction of neoliberal policies came new elites. Where previously trade unions, public servants and rank-and-file labour party members could have expected to be consulted and have input into such reforms, Roger Douglas and

his associates heavily restricted access to the democratic process, and shifted their focus to a handful of Treasury officials and business organisations such as the then Business Roundtable (now the New Zealand Initiative).

The modern-day continuation of this approach by both Labour and National parties can be seen in the marginalization and stigmatization of the union movement and the ongoing influence of captains of industry in various high-powered (and even more highly paid) so-called “taskforces” and “working groups”.

Many readers will be familiar with the success enjoyed by the ruling class in undercutting unions and excluding them from positions of influence, and I won't go into these here. I will focus instead on the methods employed by successive governments to coerce public servants at all levels into swallowing the “blue pill” of neoliberalism.

Neoliberals view economic outputs as the be-all and end-all of social success (because if the economy's growing then the benefits will trickle down, right?). When government departments are funded based on readily measurable economic output, then the measurable stuff (such as revenue collection, shifting people off benefits, cutting costs) becomes the focus. Any of the nice-to-have stuff, such as reducing inequality, creating secure jobs and a living wage, or addressing climate change, is left to others such as NGOs and charities. What's more, constant cutting and capping of funding means government agencies are fighting over the scraps, and are in no position to challenge the status quo as they're constantly “firefighting”.

On top of this, ministers play an increasing role in managing the departments and agencies that they oversee. For example, Steven Joyce is actually lauded by the mainstream media for his tendency to wade into territory that could rightly be seen as that of public sector managers¹. Because

¹ See Werewolf's excellent review of the myth of Joyce <http://werewolf.co.nz/2015/03/the-myth-of-steven-joyce/>





pleasing the minister brings the promise of extra discretionary funding, this breeds a culture of managers putting their career stocks into managing successive ministers' expectations rather than delivering on the stated aims of their own agency.

You'd think that because ministers are actively reducing the role of government department CEOs, the role would lose some appeal and perhaps their remuneration would reflect this. But it seems that the market is mysteriously failing here, because there is no shortage of career CEOs and senior managers willing to use a short-term post in New Zealand as a stepping stone to bigger and better things elsewhere. Although some senior executives ride the gravy train for life, many take up short-term posts as a hatchet job to implement distasteful policy, or otherwise just collect their massive paycheck and don't look to rock the boat.

This approach also shows up further down the management chain in the overuse of consultants. To some extent, consultants are a financial necessity, allowing fearful managers to disguise operating (personnel)

costs and patch holes left by earlier cuts. The impact is that people in these contract roles are more driven by what will land them their next contract than by principle. The surprising amount of power wielded by consultants seems to reflect the dogma that voices and experiences from outside the public sector are better.

Consultants and contractors are also a harbinger of organisational instability in the public sector. The culture of constant change that is facilitated by hordes of HR advisors and managers looking to impress their ministers leaves public servants always mindful of the shifting sands and distracted – if not outright fearful – of the cuts that are still happening and are always at the back of public servants' minds.

Overall, union membership is not dreadful in the public sector (the PSA has around 60,000 members). However, coverage is much lower in policy, analytic and strategic functions. My feeling is that this pattern reflects a blind belief among law and policy graduates in the doctrine that unions are an impediment

to the individual freedom on offer from the market, similar to the way the public sector is still painted as bureaucratic and inefficient in popular myth. It is these functions within the public sector in which union delegates are in short supply, and increasingly burned out by non-stop organisational change and personal cases arising from the stress on workers.

It seems hopeless, and maybe it is! But I'll continue to organize, build union membership and demonstrate the importance of this to my colleagues (luckily HR gives lots of opportunities to do so). The public sector is still running on the capital created by its workers but it is unsustainable. This situation can't persist and I'm counting on that. We public sector workers need to use what outlets we have to express alternative views of how society and the economy might be organized and be prepared to act.





A toxic combination:

The health impacts of the TPPA

By Grant Brookes (Fightback Whanganui-a-Tara/Wellington)¹

Kia ora koutou. Good evening. My name is Grant Brookes. I am a Registered Nurse, and the President of the New Zealand Nurses Organisation.

NZNO is the leading professional association and union for nurses in Aotearoa New Zealand, representing 47,000 nurses, midwives, students, kaimahi hauora and other health workers.

NZNO embraces Te Tiriti o Waitangi and works to improve the health status of all peoples of Aotearoa New Zealand through participation in health and social policy development.

I was invited along tonight to give an expert opinion on the health impact of the TPPA. But I need to stress that my areas of expertise – in nursing, and health policy – are not sufficient, in themselves, to provide this. Having read the 599 pages which comprise the core of the agreement² (excluding side instruments and some of the annexes), it is abundantly clear that legal expertise in the interpretation of international treaties is also required.

A full, peer-reviewed analysis of the health impact of the TPPA by suitably qualified experts is yet to be published for the New Zealand setting. But with these large caveats in mind, I will offer a few thoughts on the topic.

Let's recap. Over the course of seven years of negotiations, attention on the health impacts of the Trans-Pacific Partnership Agreement in New Zealand focused heavily on a few aspects of healthcare provision – specifically the cost of medicines – and on a handful of regulatory issues in public health – especially tobacco control.

The potential health impacts of the TPPA are not limited to these matters. But I will talk about them, before touching briefly on some of the more far-reaching implications for health in the agreement. The complexity of the document is such that understanding the issues requires in-depth examination. So I hope you will bear with me as I go into some detail.

¹ Notes of a talk given at public meetings in Newtown, Lower Hutt, Otaki and Wainuiomata organised by TPP Free Wellington and the Horowhenua TPPA Action Group, January 2016.

² <https://www.tpp.mfat.govt.nz/text>

Health fears muted?

When negotiations concluded in Atlanta last October, government politicians rushed to declare that the health concerns which critics had been raising were fully addressed in the final agreement. By and large, media reports reflected this government line.

So for example, Patrick Gower told viewers of *3 News* that “the TPP was nowhere near as bad as Labour made it out to be. The big fears have been muted: the PHARMAC model is looking intact and there are restrictions on tobacco corporations suing the Government.”³

Meanwhile, Fairfax political reporters Jo Moir and Laura McQuillan announced that:

“New Zealanders will not face increased medicine costs as a result of the Trans-Pacific Partnership deal.

Australian officials took an ANZAC approach to patent protections on biologics over the last three days and dug their heels in on the issue on behalf of Australians and Kiwis.

[Former Minister of Trade Tim] Groser said Kiwis will not pay any more for medicine as a result of the TPPA and the “cost of the subsidy bill will not go up [by] any large extent”.

It will cost roughly \$4.5 million in the first year to set up the software to provide the additional information that negotiating partners wanted.

After that operating costs will be about \$2.5m a year – a “tiny rounding error” on what is a large health budget, he said.”⁴

These TPPA boosters were able to point to clauses in the final text to support their claims. For example, they highlighted “ANNEX 26-A. TRANSPARENCY AND PROCEDURAL FAIRNESS FOR PHARMACEUTICAL PRODUCTS AND MEDICAL DEVICES”.

That part of the agreement says that, “The Parties are committed to facilitating high-quality healthcare and continued

improvements in public health for their nationals, including patients and the public.”

Alongside commercial affirmations about the “the need to recognize the value of pharmaceutical products and medical devices through the operation of competitive markets”, the text acknowledges “the importance of protecting and promoting public health and the important role played by pharmaceutical products and medical devices in delivering high-quality health care” and “the need to promote timely and affordable access to pharmaceutical products and medical devices”.

Significantly, the Annex says that, “The dispute settlement procedures provided for in Chapter 28 (Dispute Settlement) shall not apply” to PHARMAC, “with respect to PHARMAC’s role in the listing of a new pharmaceutical for reimbursement on the Pharmaceutical Schedule”

Then there is “CHAPTER 29: EXCEPTIONS AND GENERAL PROVISIONS”.

“Article 29.5: Tobacco Control Measures” says that, “A Party may elect to deny the benefits of Section B of Chapter 9 (Investment) with respect to claims challenging a tobacco control”. In other words, tobacco companies can be barred from suing governments over their smoke-free policies, via the notorious Investor-State Dispute Settlement (ISDS) process.

The inclusion of ANNEX 26-A and Article 29.5 is testament to the efforts of those of us who have campaigned for years against the TPPA in the name of public health. But is it true, as media and politicians would have us believe, that these clauses are enough to safeguard health and mitigate the impacts of the TPPA on healthcare provision, and on public health regulation?

Healthcare provision – medicines

To answer that question, we have to understand how PHARMAC works.

The Pharmaceutical Management Agency (commonly known as PHARMAC)

successfully manages the cost of medicines in New Zealand, through a range of mechanisms. For example, under the PHARMAC model, generally only one brand of each medicine is subsidised at any given time. If a prescriber writes a community pharmacy script specifically naming a different brand (which they can still do), the patient will pay the full price at the chemist, rather than the usual \$5 per item. As a result, very few unsubsidised brands are prescribed. This means that PHARMAC can force pharmaceutical companies to compete, driving down prices.

New Zealand’s pharmaceutical budget of \$800 million (or around \$200 per person, per year) is low by international standards. The media reports were accurate when they said that this model will remain under the TPPA, and that one-off compliance costs of \$4.5 million and increased operating costs of around \$2.5 million a year represent a tiny proportion of PHARMAC’s budget.

However, tendering out the right to be the sole subsidised brand in this way is not possible if a single pharmaceutical company holds the patent for a particular drug. In that case, the company can effectively set the price at which New Zealanders can access that medication. Therefore, longer patents mean higher medicine costs – and potentially, much higher costs.

Currently in New Zealand, patents on most medicines expire after 20 years, while for a new class of medicines, known as biologics (sometimes called “specialty drugs”), patent protection lasts for five years.

The TPPA will result in longer periods, due to a host of provisions in “CHAPTER 18: INTELLECTUAL PROPERTY”, “Subsection C: Measures Relating to Pharmaceutical Products”.

For example, a drug company will be able to patent “new uses of a known product, new methods of using a known product, or new processes of using a known product” (Article 18.37.1). This is what’s known as “evergreening” patents.

Consider what this means. For many decades, aspirin was used to relieve pain

3 <http://www.3news.co.nz/opinion/opinion-labour-swallowing-tppa-rats-2015101316#axzz3xdZ8m14g>

4 <http://www.stuff.co.nz/national/politics/72688061/No-increased-medicine-costs-under-TPPA>



and fever. Then, in the early 1970s, studies found that aspirin was also effective in reducing the incidence of heart attacks and strokes. Under the provisions of the TPPA Intellectual Property Chapter, the drug company Bayer (the original patent-holder) could potentially have applied for a new patent for this new use for aspirin, and ratcheted up the price.

This is not an isolated example. The history of medical practice is full of drugs which were developed to treat one condition, and later put to new uses. In my field of psychiatry, for instance, first-line therapy for the treatment of bipolar mania is a drug called valproate – which was initially used to treat epilepsy. Prochlorperazine – initially used in the treatment of schizophrenia – is now more commonly prescribed in low doses for nausea (including morning sickness during pregnancy). Prazosin, an anti-hypertensive drug used to treat high blood pressure, has recently been found to be effective in reducing the severity of nightmares associated with Post-Traumatic Stress Disorder, and so on. Under the TPPA, all of these developments could potentially have resulted in higher medicine costs.

The greatest impact on PHARMAC, however, will probably come from extended market exclusivity for new kinds of medicine called “biologics”. This new class of drugs are derived from biological processes, instead of being created in the lab through chemical interactions. Biologics include so-called “specialty drugs”, some of which are enormously expensive. Perhaps the best known example is pembrolizumab, marketed under the brand-name Keytruda, which was the subject of a petition and extensive media coverage last year. This melanoma drug saves lives, but patent-holder Merck charges \$300,000 per patient.

New York Times biotechnology correspondents Andrew Pollack and Katie Thomas have reported that last year, the “specialty medications accounted for one-third of all spending on drugs in the United States, up from 19 percent in 2004

and heading toward 50 percent in the next 10 years, according to IMS Health, which tracks prescriptions. The trend has led to a corresponding boom in the specialty pharmacy business, which by one estimate grew to \$78 billion in sales last year from \$20 billion in 2005”.⁵

In Australia, meanwhile, monopolies on just ten biologic drugs listed on the Pharmaceutical Benefits Scheme cost taxpayers over \$205 million in 2013–14.⁶

As mentioned previously, New Zealand laws currently give a five-year monopoly to drug companies holding patents in biologics, during which they can name their price.

According to former trade minister Tim Groser, patent terms for biologics will not change under the TPPA. His view is not shared by US Deputy Trade Representative Robert Holleyman, who told the US Chamber of Commerce 2015 Global IP Summit last year that: “TPP will require, for the first time in a trade agreement, Parties to provide an extended term of effective market protection for biologic medicines”.⁷

There has been speculation that pharmaceutical companies may pressure US representatives to renegotiate parts of the Intellectual Property Chapter, or seek other assurances, to “clarify” that. But to my eyes, it seems pretty clear that Article 18.52 of the TPPA, as it stands now, means that Robert Holleyman is right and that “effective market protection” for biologics will be extended to eight years.

Each additional year added to the monopoly period today would add tens of millions of dollars to New Zealand’s drug bill⁸. But if prescribing trends here follow those predicted in the United States, then the TPPA’s extended market protections (patents, in other words) for biologics could be costing taxpayers (or patients, or both) hundreds of millions of dollars a year, within a decade.

Healthcare provision – DHB services

But while the cost of medicines has received the greatest attention, it is far from the only aspect of healthcare provision which could be affected by the TPPA.

As the executive director of the ASMS senior doctors’ union, Ian Powell, has recently commented the TPPA could reach right into the heart of our health system:

“The Government appears to be sidling back to a market-driven approach to the provision of public hospital services... The Government’s health funding review, whose controversial recommendations were leaked to the media last year, underpins the draft updated health strategy. This strategy document clearly points to a competitive market model of health service provision...

“Proposals currently being considered by the Government include opening up DHB services to competitive tendering.”⁹

If these changes went ahead, then large parts of our health system could become subject to TPPA “CHAPTER 10: CROSS-BORDER TRADE IN SERVICES”. This chapter applies wherever a service is supplied on a commercial basis or in competition with one or more service suppliers.

Article 10.3 (National Treatment) says: “Each Party shall accord to services and service suppliers of another Party treatment no less favourable than that it accords, in like circumstances, to its own services and service suppliers”.

As Ian Powell points out, this

“opens the doors to more involvement of multi-national health insurance companies... Multi-national companies can afford to make loss-leading bids to secure a contract, with the aim of making a profit over the longer term by cutting costs. As a country we really don’t want to be going down that track, especially under the deeply flawed Trans Pacific

5 <http://www.nytimes.com/2015/07/16/business/specialty-pharmacies-proliferate-along-with-questions.html>

6 <http://aftinet.org.au/cms/sites/default/files/Gleeson%20comments%20on%20completed%20IP%20chapter.pdf>

7 <https://ustr.gov/about-us/policy-offices/press-office/speeches-transcripts/2015/November/Remarks-Deputy-Holleyman-Global-IP-Center-2015>

8 <http://itsourfuture.org.nz/groser-ugly-compromise-in-tpa-could-cost-new-zealanders/>

9 <http://www.asms.org.nz/news/other-news/2016/01/18/government-stealthily-returning-to-failed-market-approach-to-health/>





Grant Brookes (standing) speaking at a meeting against the TPPA in Newtown, Wellington.

Partnership Agreement. The wrong move could prove very costly for New Zealand because once multi-national companies get their hooks into our public health service contracts, they may be very difficult to dislodge.”

Public health – tobacco

The assurances from politicians and media commentators that tobacco control will be unaffected under the TPPA, sadly, are also less reliable than they appear.

Analysis of the text by Louise Delany and George Thomson, of the Department of public health at the University of Otago, has revealed what the so-called “tobacco carve out” really means for public health.¹⁰

They identify a number of issues. Firstly, “Article 29.5: Tobacco Control Measures” is not compulsory, and the New Zealand government has not yet announced whether it is opting in to this exemption from ISDS provisions for policies to reduce smoking.

Secondly, while this Article means that tobacco companies can be barred from suing governments under ISDS provisions,

the rest of the TPPA still applies.

And the TPPA provides mechanisms to pursue complaints for breaches of its obligations, apart from the ISDS process. So for example, another government could still initiate complaints (perhaps acting on behalf of domestic tobacco interests) that New Zealand’s smoke-free laws breach the TPPA.

In addition, “CHAPTER 25: REGULATORY COHERENCE” says that, “in the process of planning, designing, issuing, implementing and reviewing regulatory measures in order to facilitate achievement of domestic policy objectives... The Parties affirm the importance of... taking into account input from interested persons in the development of regulatory measures” (Article 25.2). And to be clear, “person means a natural person or an enterprise” (Article 1.3).

In other words, under the TPPA our government must allow interested enterprises – cigarette companies – to have input into the planning, designing, issuing, implementing and reviewing of our smoke-free policies.

As Delany and Thomson comment:

“The obligation to allow industry stakeholders a place at the table when control measures are being developed is highly retrograde. This provision is inconsistent with Article 5.3 of the Framework Convention on Tobacco Control (the World Health Organization treaty, of which NZ is a signatory). This requires the removal of such tobacco industry influence on the policymaking of states...

“The outcome of the TPP for tobacco control is that governments will continue to be vulnerable to pressure from the tobacco industry over tobacco control measures. No matter how ill-founded industry legal arguments may be, they may result in a perceived need for caution, may lead to expensive disputes, and lead to delay or permanent postponement for such measures.”

Other public health issues

“We may think that barring big tobacco from using the ISDS clauses has put the

¹⁰ <https://blogs.otago.ac.nz/pubhealthexpert/2015/12/21/the-trans-pacific-partnership-treaty-and-tobacco-no-cause-to-celebrate/>





issue to bed,” comments public health Association Chief Executive Warren Lindberg. “It hasn’t.” He goes on to mention that “there remain plenty of other multinationals prepared to further their own interests at the expense of smaller economies like ours – such as big pharma, big food and big energy.” And there are no exemptions at all to protect public health from these others.¹¹

The real problem for public health in the TPPA lies at the heart of the document, in “CHAPTER 9: INVESTMENT”. The scope of this chapter is very broad. It states, “Investment means every asset that an investor owns or controls, directly or indirectly, that has the characteristics of an investment, including such characteristics as the commitment of capital or other resources, the expectation of gain or profit, or the assumption of risk.”

The chapter says that governments must not “expropriate or nationalise a covered investment either directly or indirectly... except... on payment of prompt, adequate and effective compensation” (Article 9.7). The banning of “indirect expropriation” can potentially mean that governments can be sued for any “action or series of actions” which has an “economic impact” affecting an investor’s “expectation of gain or profit” (Annex 9-B Expropriation).

There might appear to be a Get Out of Jail Free clause, for “regulatory actions by a Party that are designed and applied to protect legitimate public welfare objectives, such as public health”. But the footnote makes it clear that, “For greater certainty and without limiting the scope of this subparagraph, regulatory actions to protect public health include, among others, such measures with respect to the regulation, pricing and supply of, and reimbursement for, pharmaceuticals (including biological products), diagnostics, vaccines, medical devices, gene therapies and technologies, health-related aids and appliances and blood and blood-related products.” In other words, they do not include the vast bulk of what we consider public health regulations.

So it is easy to see Coca-Cola suing any government trying to bring in a sugar tax to tackle obesity, for example, on the basis that lost sales were an indirect expropriation of their investment. Tighter regulation of casino operators to reduce the harm from problem gambling, although hard to imagine under the current government, could be the subject of a future claim for compensation from offshore investors. Japan’s Kirin Holdings, which owns breweries responsible half of New Zealand’s beer output, would be in prime position to sue if government regulated to reduce alcohol consumption and harm.

Even policies such as the removal of GST on fruit and vegetables, designed to promote consumption of fresh, healthy foods in place of processed foods, could see our government targeted by multinational food and beverage manufacturers.

The TPPA, therefore, will put a chill on almost any effort to regulate for public health. Little wonder that World Health Organisation Director-General Dr Margaret Chan has spoken of the “particularly disturbing trend [involving]... the use of foreign investment agreements to handcuff governments and restrict their policy space.”¹²

Social determinants of health

I’d like to conclude by looking briefly at some of the health issues which have not been a major focus of attention so far, but which are possibly the most far-reaching of all. They are the impacts of the TPPA on the social determinants of health.

In 2005, the New Zealand public health Advisory Committee said: “It is increasingly accepted that the health of the population is not primarily determined by health services or individual lifestyle choices, but mostly by social, cultural, economic and environmental influences.”¹³

The World Health Organization Commission on the Social Determinants of Health lists some of these influences:

“the conditions of early childhood and schooling, the nature of employment and working conditions, the physical form of the built environment, and the quality of the natural environment in which people reside... The poor health of the poor, the social gradient in health within countries, and the marked health inequities between countries are caused by the unequal distribution of power, income, goods, and services... This is the result of a toxic combination of poor social policies and programmes, unfair economic arrangements, and bad politics.”¹⁴

The Commission has drawn attention to the role of agreements like the TPPA in creating this toxic combination. “A key recommendation from the Commission is that caution be applied by participating countries in the consideration of new global, regional, and bilateral economic (trade and investment) policy commitments.”

On the face of it, there are chapters in the TPPA apparently protecting these social determinants of health. To address the quality of the natural environment in which people reside, the TPPA has “CHAPTER 20: ENVIRONMENT”. For employment and working conditions, there is “CHAPTER 19: LABOUR”. The unequal distribution of power, income, good and services – within and between countries – could be seen as covered by “CHAPTER 21: COOPERATION AND CAPACITY BUILDING” and “CHAPTER 23: DEVELOPMENT”.

But what do these chapters actually say?

World Health Organisation has called climate change “the greatest threat to human health this century”.¹⁵ The TPPA Environment Chapter says nothing about climate change. On the contrary, ISDS processes like the ones in the TPPA are being used right now to challenge government action protecting the climate.

Last November, US President Obama announced that the Keystone XL pipeline, designed to facilitate the

11 <http://www.pha.org.nz/media/160114-TPP-Why-rush-in-where-angels-fear-to-tread.pdf>

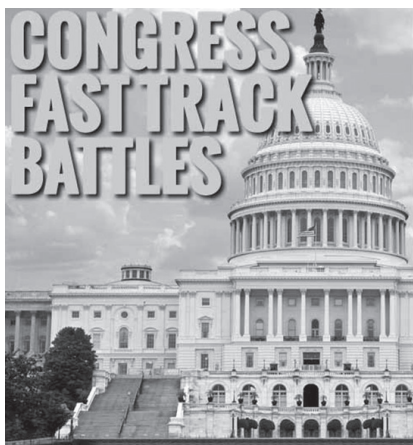
12 <http://www.who.int/dg/speeches/2014/wha-19052014/en/>

13 <http://nhc.health.govt.nz/system/files/documents/publications/guidetohia.pdf>

14 http://apps.who.int/iris/bitstream/10665/43943/1/9789241563703_eng.pdf

15 <http://www.3news.co.nz/world/who-climate-change-major-threat-to-human-health-2014083116?ref=video#axzz3yU86rECd>





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extraction of oil from vast tar sands in Northern Canada, would not go ahead. Climate campaigners around the world breathed a sigh of relief. NASA climate scientist James Hansen had earlier said that if Keystone XL went ahead and all the Canadian oil reserves were extracted and burnt, then it would be “essentially game over” for Earth’s climate¹⁶. Yet investors in the TransCanada pipeline company are suing the US government for \$15 billion compensation, alleging that their investment has been expropriated as they were denied the right to cook the planet to death.¹⁷

What the Environment Chapter does say is that, “The Parties recognise that flexible, voluntary mechanisms... market-based incentives, voluntary sharing of information and expertise, and public-private partnerships, can contribute to the achievement and maintenance of high levels of environmental protection... Therefore... each Party shall encourage... the use of flexible and voluntary mechanisms to protect natural resources and the environment.” (Article 20.11)

The so-called Environment Chapter is actually about the removal of environmental regulation and empowering investors to sue governments for tackling climate change.

“CHAPTER 19: LABOUR”, meanwhile, commits Parties to respect the rights

upheld by the International Labour Organisation: “freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour... the elimination of discrimination in respect of employment and occupation.” (Article 19.3)

That sounds fine, except that the ILO Committee on Freedom of Association has repeatedly found¹⁸ that labour laws in the United States fail to uphold rights enshrined in ILO conventions, including those in a recent case brought by twelve charge nurses at the Oakwood Heritage Hospital in Michigan.¹⁹ ILO rights, such as freedom of association and the right to collective bargaining, have not been adequately reflected in US law since 1947. If the US has denied basic labour rights for 70 years, does anyone think they will start honouring them because they’ve signed the TPPA?

In New Zealand, the Employment Contracts Act introduced by the previous National Government in the 1990s was also found to be in breach of ILO conventions²⁰. The government essentially ignored the ruling. It is arguable that today’s Employment Relations Act, as repeatedly amended under the current government, also breaches the labour rights proclaimed in Chapter 20 of the TPPA.

On closer inspection, the three Chapters which might be seen as addressing the social determinants of health have two things in common. Firstly, they all contain a clause stating: “No Party shall have recourse to dispute settlement under Chapter 28 (Dispute Settlement) for any matter arising under this Chapter.” In other words, they’re toothless.

Secondly, they’re short – taking up just 21 pages, in total, in the 599-page agreement. In other words, they’re little more than window-dressing.

But they do contain a revealing statement of the ideology on which the TPPA is based.

Article 23.3 in the Development Chapter declares:

“The Parties acknowledge that broad-based economic growth reduces poverty, enables sustainable delivery of basic services, and expands opportunities for people to live healthy and productive lives.”

“Economic growth reduces poverty” – this is the same tired, old story we’ve been told for the last 30 years. Repackaged time after time, who remembers these versions? “A rising tide lifts all boats”, “the best way to get a bigger slice for the poor is grow the pie”, “support the wealth-creators and the wealth will trickle down”.

Meanwhile, as deregulation and trade liberalisation rolled onwards over these 30 years, the unequal distribution of power and income grew worse. Social determinants of health – in schooling, working conditions, and the quality of housing and the natural environment – deteriorated. Health inequalities have grown dramatically. Non-communicable diseases and diseases of poverty have mushroomed.

As mentioned at the outset, I am not qualified to give a comprehensive expert opinion. But I can confidently say this: the health impacts of the TPPA will be more of the same.

16 <http://www.reuters.com/article/idUS323166223820110627>

17 <http://www.bloomberg.com/news/articles/2016-01-06/transcanada-files-suit-over-keystone-xl-will-take-writedow>

18 http://www.ilo.org/dyn/normlex/en/f?p=1000:20060:0::FIND:NO:20060:P20060_COUNTRY_ID,P20060_COMPLAINT_STATU_ID:102871,1495812

19 http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:50002:0::NO::P50002_COMPLAINT_TEXT_ID:2910434#C

20 http://www.ilo.org/dyn/normlex/en/f?p=1000:50002:0::NO:50002:P50002_COMPLAINT_TEXT_ID:2902616#C





David Harvey and Neoliberalism

By Joe McClure (*Fightback*
Whanganui-a-Tara/Wellington)

David Harvey, according to his website, is a Distinguished Professor of Anthropology and Geography at the City University of New York. While this is not entirely accurate – his role does not include geography – he is nonetheless considered one of the foremost academic authorities on Marxism and how it informs geography, his area of personal expertise.

In 2005, he published *A Brief History of Neoliberalism*, charting the rise and rise of neoliberal economics, and how it has come to direct world politics. First of all, he defines his subject, as follows:

“Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade.

“The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee, for example, the quality and integrity of money. It must also set up those military, defence, police, and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets.

“Furthermore, if markets do not exist (in areas such as land, water, education, health care, social security, or environmental pollution) then they must be created, by state action if necessary. But beyond these tasks the state should not venture. State interventions in markets (once created) must be kept to a bare minimum because, according to the theory, the state cannot possibly possess enough information to second-guess market signals (prices) and because powerful interest groups will inevitably distort and bias state

interventions (particularly in democracies) for their own benefit.”¹

Harvey, like many other commentators, relies significantly on Karl Polanyi’s predictions in *The Great Transformation*, that:

“the market economy under which these freedoms thrive also produced freedoms we prize highly. Freedom of conscience, freedom of speech, freedom of meeting, freedom of association, freedom to choose one’s own job... Planning and control are being attacked as a denial of freedom. Free enterprise and private ownership are declared to be essentials of freedom. No society built on other foundations is said to deserve to be called free. The freedom that regulation creates is denounced as unfreedom; the justice, liberty and welfare it offers are decied as a camouflage of slavery.”²

Agreeing in principle with this economic argument, he suggests that in reality, neoliberalism has taken a more graduated route, travelling along lines of regional importance rather than emerging as a standard development from the Keynesian economics that were widely adopted in ‘Western’ countries after World War II. He comments that:

“...A moving map of the progress of neoliberalization on the world stage since 1970 would be hard to construct. To begin with, most states that have taken the neoliberal turn have done so only partially—the introduction of greater flexibility into labour markets here, a deregulation of financial operations and embrace of monetarism there, a move towards privatization of state-owned sectors somewhere else.”

One of the major criticisms of David Harvey’s depiction of Marxism is that it is completely reliant on the reader accepting his geographical approach – that economic development cannot exist independently of spatial conditions, and therefore, takes place differently

in different conditions. This scientific position informs all his sociological research, and, critics have pointed out, “has distanced him from concepts whose purchase is limited by the calculus of spatial science or whose provenance lies in Continental European philosophy.”

Because of this focus on geographical trends and local (i.e., contained) events, he is able to easily and accurately cite instances of economic trends within well-known companies. Concretely, in a comment that encapsulates both Harvey’s ability to produce illustrative examples and yet be imprisoned by geographical constraints, he tells us in 1990 about:

“the condition that Marx... picked upon in developing one of his most telling concepts – the fetishism of commodities. He sought to capture by that term the way in which markets conceal social (and, we should add, geographical) information and relations. We cannot tell from looking at the commodity whether it has been produced by happy laborers working in a cooperative in Italy, grossly exploited laborers working under conditions of apartheid in South Africa, or wage laborers protected by adequate labor legislation and wage agreements in Sweden. The grapes that sit upon the supermarket shelves are mute; we cannot see the fingerprints upon them or tell immediately what part of the world they are from.

“We can, by further enquiry, lift the veil on this geographical and social ignorance and make ourselves aware of these issues (as we do when we engage in a consumer boycott of non-union or South African grapes). But in so doing we find we have to go behind and beyond what the market itself reveals in order to understand how society is working. This was precisely Marx’s own agenda. We have to go behind the veil, the fetishism of the market and the commodity, in order to tell the full story of social reproduction.”³

1 Harvey, David (2005). *A Brief History of Neoliberalism*. Oxford University Press USA, p. 2

2 Polanyi, Karl (1944). *The Great Transformation*. Boston, Massachusetts: Beacon Press, p. 245

3 Harvey, David (1990). *Between Space and Time: Reflections on the Geographical Imagination*. *Annals of the Association of American Geographers*, 80(3), pp. 422-423





David Harvey at Marxism 2009 conference.

Intriguing though it may be, this description does not bring us closer to an analysis of neoliberalism, though, in a subsequent volume he adopts a much simpler view, arguing in *The Enigma of Capital* (2010) that “neoliberalism... refers to a class project that coalesced in the crisis of the 1970s. Masked by a lot of rhetoric about individual freedom, liberty, personal responsibility and the virtues of privatisation, the free market and free trade, it legitimised draconian policies designed to restore and consolidate capitalist class power.”

When it comes to class, Harvey argues that neoliberalism “has... entailed its redefinition.” He cites class despots such as Margaret Thatcher, Rupert Murdoch and Ronald Reagan, whose policies (despite initially promoting Keynesian redistribution, leading Reagan to comment, “We’re all Keynesians now,”) soon shifted toward an attack on unions, and a rearrangement of the economy – the Volcker shock – that forced foreign governments to become dependent on the US currency and subject to conditions put in place by US investors. In England, he argues, by opening up the country to immigration and foreign investment, Thatcher created a new middle-class, whose philosophy consisted of individualism, consumerism, and entrepreneurship. She used this new class to help crush working-class resistance, by enforcing the financial dominance of the City of London over the rest of the British economy, and demolishing the structure of traditional institutions such as mining, shipbuilding, and car manufacture.

After setting the scene for the development of neoliberalism, Harvey goes on to discuss its inherent contradictions, and how these make neoliberal states more unstable. These include the tension between forcing the state to withdraw from a free market, to ensure everyone has the same impact, and maintaining its influence at the global level. This has recently been seen in political programmes such as the TPPA, which gives governments significantly greater powers to pursue lawbreakers, but removes trade barriers and government subsidies on regularly-used goods.

Similarly, he argues, authoritarian demands for market freedoms can often come into conflict with individual freedoms, when producers set prices that consumers cannot afford – another issue raised by the TPPA, particularly in light of rising pharmaceutical costs. Excessive market speculation, he adds, is inherently risky, and leads to events such as the Global Financial Crisis of 2008. In a totally commercialised system, he notes, a few companies will inevitably come to dominate each industry, creating an almost feudal structure.

Finally, he suggests, the series of attacks on social structures, spiralling into Margaret Thatcher’s denial of society itself, has created a nearly unprecedented level of social anxiety, which has expressed itself through the rise of populist politicians such as Donald Trump or far-right organizations in Europe, which have started campaigns to reappraise questions of citizenship and basic personal rights.

Ultimately, he concludes, neoliberalism has effected a huge redistribution of

resources, and the introduction of a new class structure, in which business managers and corporate groups have taken over government functions. Worse still, he contends, their practice is based on privatization, lending, commodification, the creation of debt crises to force government bailouts, and the reversal of Keynesian social policies. This process of commodification extends “to all... processes, things, and social relations, [so] that a price can be put on them, and... they can be traded subject to legal contract.”

The most detrimental effects are induced by the commodification of labour, as employees become simply parts of the production process, and manufacturers can choose from the entire global economy to get the cheapest labour available, leading to horrific conditions of exploitation in regions where factories are not closely regulated. So well-established, however, is this economic system, that only a major crisis could jolt countries out of neoliberal methods. Given that the 2008 GFC did not achieve this, despite doing huge damage to the world economy, a crisis sufficient to bring about the abandonment of neoliberalism would be an order of magnitude greater, and would have flow-on effects for decades to come. Unfortunately, Harvey does not propose a well-reasoned alternative, suggesting instead that the world might return to some kind of earlier stage that had existed before neoliberalism was introduced – but, he admits, after decades of neoliberal governments, many voters have simply accepted that, as Margaret Thatcher insisted, “there is no alternative.”



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Book Review

The FIRE Economy (Jane Kelsey)

By Ian Anderson (Fightback Whanganui-a-Tara/Wellington)

Professor Jane Kelsey has made headlines in recent months combating the Trans Pacific Partnership Agreement (TPPA), a secretive trade agreement that seeks to constitutionally embed neoliberalism. Her latest book, *The FIRE Economy: New Zealand's Reckoning*, is a welcome explanation of the political-economic history that has led us to this point.

Before proceeding, it may be necessary to define some key terms. *Neoliberalism* refers to a certain organisation of capitalism, a certain way of responding to capitalist crisis, a certain configuration of the capitalist state, that has predominated for the last 30 years. Marxist geographer David Harvey has defined neoliberalism as a form of “accumulation by dispossession,” particularly privatization of public assets. Kelsey draws on Marxist sociologist John Bellamy Foster’s characterization of *financialization* as the “shift in the centre of gravity in the capitalist economy” from industrial production to finance: FIRE refers to Finance, Insurance and Real Estate, the industries that have risen to prominence in this financialised regime. Kelsey notes that *neoliberalism* and

financialization are “analytically distinct but organically inseparable” – we might also say that financialization is a key plank of neoliberalism. Neoliberalism is a reconfiguration of the relationship between labour, capital and the state: while Kelsey does not focus on this aspect, neoliberal attacks used state machinery to gut the power of organised labour.

Kelsey rigorously documents the institutional embedding of neoliberalism in Aotearoa / New Zealand. Neoliberal theorists knew that their project was potentially unpopular, voicing concerns about the “commitment problem,” “political slippage” and “despotic democracy” – the horrifying thought that elections, or popular pressure, might lead to future governments abandoning neoliberalism. The Reserve Bank, and other regulatory mechanisms, are an undemocratic form of “economic constitutionalism,” seeking to constrain the economic capacities of future governments – limiting monetary policy to setting interest rates, and subordinating fiscal policy to monetary policy. Alternative economic goals, such as full employment or raising incomes, are subordinated to price stability. While many critics of the TPPA present it as a departure from free trade, Kelsey clarifies that it’s

the same “economic constitutionalism” on an international scale – binding future governments to the current course, giving multinational corporations the ability to sue for any reforms that impact their investments. Against those who contend the neoliberal era has come to an end, Kelsey underlines how structural reforms are institutionally embedded. Kelsey is clear about the continuity between Labour and National governments since 1984:

“While the decade of Labour-led government in New Zealand from 1999 softened the raw edges of Rogernomics, the government’s modernisation actually served to embed neoliberalism more deeply.”

Kelsey does suggest that the international neoliberal consensus has begun to fracture in the wake of the global financial crisis (GFC), although Aotearoa / New Zealand remains largely “cocooned” from these debates. State interventions in favour of the finance sector have been described as ‘Keynesian,’ or even ‘socialism for the rich.’ David Harvey observed even before the GFC that while neoliberal theory should warn ‘Lender, beware’, the





Jane Kelsey

practice is closer to 'Borrower, beware.' However, neoliberalism is a class project more than a theoretical project. Kelsey underlines how partial departures from orthodoxy only go far enough to protect the orthodoxy – usually injecting capital, then getting back to business-as-usual. Kelsey offers an unusually level-headed account of Iceland's response to the crisis, which has been alternately ignored or overhyped. Iceland's IMF-supported response to the GFC, particularly their use of capital controls, was the least orthodox:

"[The IMF rescue package] had three pillars: first, stabilising the currency using interest rates and capital controls to prevent capital from fleeing; second, restructuring the banking system; and third, making gradual cuts to public spending."

This temporary departure from orthodoxy was not wholesale, and the Right has regained power in the ensuing period. Kelsey argues that instead of a piecemeal approach, those opposing neoliberalism must take a systemic approach – although she is officially agnostic about whether to overthrow

capitalism or just the neoliberal regime.

Kelsey's analysis does have some weaknesses, particularly concerning the nation-state and the 'productive economy.' Early in the book, Kelsey briefly references "people with real jobs making real products," a somewhat idealized notion of capitalist industry. The book focuses explicitly on finance capital, largely leaving these "real" industries out of the equation. Kelsey acknowledges this limitation in her conclusion:

"Although realignments in the material economy are not the focus of this book, it is essential to recognise that they are what will drive any transformation."

This gesture towards materialism elides a key point: 'real jobs,' the labour central to maintaining any social system, are exploitative under capitalism. Kelsey focuses on the 'superstructure,' the political-ideological structure which stabilises capitalism, and rightly emphasises the importance of developing a new hegemony (referencing Antonio Gramsci). However, this ideological project cannot let productive capital off the hook with a distinction between a "real" and a "fake" economy. New

Zealand-owned companies Talley's and Fonterra, which produce "real" products, are just as craven as any finance company.

Although often portrayed as purely parasitic, banking and finance are also necessary to capitalism. Lenders advance the initial capital needed for production (and consumption, particularly in a low-wage economy). Further, the incentives to gouge interest and to 'gamble' are structural, as banks and investors must make a profit. States can employ stabilizing measures, but these are only stop-gaps allowed when affordable: as Kelsey herself acknowledges, we cannot simply turn the clock back to the post-WWII boom. The tendency towards crisis is systemic. In other words, the volatility Kelsey describes is not only unacceptable, it's also necessary to capitalism. No national regulatory regime can defeat this beast – only a movement that recognises the class struggle is international on both sides, and that democracy rests with organised communities, not the state.

Despite these caveats, *The FIRE Economy* is an important book for anyone figuring out how we got into this mess. With a housing crisis looming on the horizon, understanding how we got here will be necessary to finding a way out.





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8. For freedom of technology and information. Expansion of affordable broadband internet to the whole country. An end to Government spying on our own citizens and on others. End corporate copyright policies in favour of creative commons centred on producers and users.
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